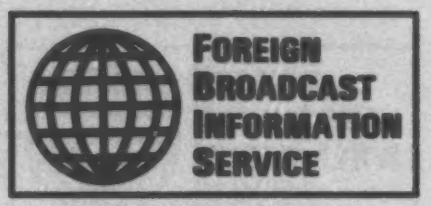

Daily Report

East Europe

FBIS-EEU-88-247
Friday
23 December 1988

Daily Report
East Europe

FBIS-EEU-88-247 *23 December 1988*

CONTENTS

BULGARIA

Lukanov Gives Speech at BCP CC Plenum *[RABOTNICHESKO DELO 17 Dec]* 1
Further BCP CC Plenum Speakers Noted *[RABOTNICHESKO DELO]* 4

CZECHOSLOVAKIA

Jakes Affirms Support for USSR Policy *[Prague Radio]* 10
Agreement in Southern Africa Welcomed *[CTK]* 10
Lenart Rules Out Dubcek's Political Future *[Budapest Radio]* 10

HUNGARY

National Assembly Concluding Activities 11
Karpati Gives Speech *[Budapest Radio]* 11
Tax Law Amendment Approved *[MTI]* 11
Session Concludes 22 Dec *[MTI]* 11
Nyers Interviewed on Social Democracy, MSZMP *[Budapest TV]* 12
Pozsgay Discusses New Role of Party *[Budapest Radio]* 13
Szuros Writes on Foreign Policy, Economy *[NEPSZABADSAG 17 Dec]* 15

POLAND

Walesa Holds Out for TU Pluralism *[AFP]* 19
Walesa Assesses Year's Events, Opportunities *[Gdansk Radio]* 19
Walesa Reaffirms Readiness To Hold Talks *[PAP]* 19
Sejm Holds 2-Day Session on Economy 19
Report on 22 Dec Session *[PAP]* 19
Ireneusz Sekula Speech *[Warsaw Radio]* 22
Debate on Economy Resumed *[PAP]* 28
Messner Elected to State Council *[Warsaw Radio]* 28

ROMANIA

Dizdarevic Leads SFRY Delegation to Bucharest *[TANJUG]* 29
Further on Delegation's Arrival *[AGERPRES]* 29
Ceausescu, Dizdarevic Start Talks *[AGERPRES]* 29
Talks on Minorities, Economy *[TANJUG]* 30
Ceausescu, Dizdarevic Dinner Toasts *[AGERPRES]* 31
Report on Ceausescu Toast *[AGERPRES]* 31
Ilie Ceausescu Attends SFRY Embassy Reception *[AGERPRES]* 32
Ceausescu Interviewed by Australian Paper *[SCINTEIA 17 Dec]* 32
Ceausescu National Day Message to Lao Leaders *[SCINTEIA 2 Dec]* 35
RCP's Barbulescu Received by Zhivkov *[AGERPRES]* 35
Milea Greets SRV Defense Minister on Army Day *[AGERPRES]* 36
Stoian, Nicu Ceausescu Meet Israeli Youth Group *[AGERPRES]* 36
RCP Message to Portuguese Party Congress *[SCINTEIA 4 Dec]* 36
Church Synod Session Sends Cable to Ceausescu *[AGERPRES]* 37
Hydropower Stations on Jiu River Surveyed *[AGERPRES]* 37
Survey on Growth in Chemistry, Petrochemistry *[AGERPRES]* 38

YUGOSLAVIA

Palestinian Embassy To Open in Belgrade *[TANJUG]* 39
Government Protests to France Over Visas *[TANJUG]* 39
Repayment of Debts to United States Postponed *[BORBA 17-18 Dec]* 39
Economic Integration With EC Viewed *[TANJUG]* 39
Macedonian Committee Selects LCY Candidates *[TANJUG]* 40
Stipe Suvar Addresses Split Anniversary *[Zagreb Radio]* 40

Lukanov Gives Speech at BCP CC Plenum

AU2112173088 Sofia RABOTNICHESKO DELO in Bulgarian 17 Dec 88 p 5

["Statement by Andrey Lukanov, candidate member of the BCP Central Committee and minister of foreign economic relations," delivered at the 14 December session of the BCP Central Committee plenum held on 13 and 14 December 1988 in Sofia]

[Text] I would like to share the opinion that has repeatedly been expressed in this hall that the present BCP Central Committee plenum is exceptionally important, not only from the point of view of the further development and intensification of our theoretical views on the renewal of socialism in Bulgaria, but above all because this plenum marks the beginning of a decisive stage in the party's work, related to the practical application of the July Concept in the country's sociopolitical and economic life. At this stage of development, deeds and not words are the only criterion for sincere support for the ideas of restructuring, for the efforts to achieve the glorious goal of building a new model of socialism—a model that harmoniously combines economic logic and high technology with social justice, with the free and comprehensive self-realization of the individual, with socialist collectivism, and with the absolute power of the law.

Undoubtedly one of the most significant and most impressive topics dealt with in the materials submitted to our meeting is that of "opening up" contemporary socialism to the world, the topic of the unity of human civilization, and of economic cooperation between states with different socioeconomic systems as a law-governed rule prevailing in the new stage of world-historical development.

In my own view, the many reasons that are still preventing the full expansion of active relations with the world economy, apart from the existing obstacles of an ideological, or rather, dogmatic nature—can be divided into two basic categories:

—the existence of numerous barriers of an administrative-bureaucratic, planning, organizational-structural, and legal nature, which the present plenum will decisively help to eliminate, and

—the lack of sufficient economic compulsion and incentive for Bulgarian commodity producers to promote their trade-economic expansion on world markets, as well as the existence of given economic conditions under which the producers prefer to "remain within their limits" and avoid the risks and challenges of worldwide competition.

I think we will be able to deal with the first category of problems more easily and quickly.

The second task will require prolonged and persevering efforts, since here is not merely a question of measures in the sphere of foreign economic relations, but a question of the need for a fundamental change in the national economy, for the gradual elimination of the "hothouse conditions" to which this economy was confined in the past, a question of making a serious and somewhat painful adaptation to the realities of the world market and the world economy.

It is the task of the socialist state to find and apply the most appropriate planning, economic, and legal solutions, that will not only direct our economy toward the aforementioned adaptation, but also guarantee its flexible management and spare us, or at least alleviate, the most severe consequences in the social sphere in particular. However, such decisions of the state would remain a dead letter without the existence of economic agents that are capable of and interested in successfully facing the risks of international competition and thus promoting our national economy to a new level of competitiveness and structural-technological development.

I think that the principle of company-based organization in economic activities provides an appropriate method of solving a crucial problem which we have been unable to cope with in the recent past. The company and the economic structures it has created, or which it has helped to create, include in their reproductive cycle all activities, including those related to foreign economic relations. It is particularly important for everyone to understand that we are not talking here about a new structural reform, but about inspiring the newly established or existing economic structures with new substance, which in the long run involves the requirement that every economic activity be profitable, and this means that market orientation, self-support, and self-financing will be absolute criteria for the self-management system and for socialist economic democracy as a whole. It is necessary to subject the work of socialist economic organizations to certain market laws and commodity-monetary relations, which apply both to the socialist and the capitalist systems, in order to take advantage of the most efficient aspects of worldwide management experience in building up our socialist economic organizations.

As a matter of fact, several of our existing economic organizations have already acquired to a greater or lesser extent the experience and features, as well as the traditions of companies. Nevertheless, in order to develop companies as universal organizational forms of economic activity and turn them into the main driving force in the process of "opening up" our economy and helping it to integrate into the world economy, it is necessary, in the spirit of Comrade Todor Zhivkov's basic postulates, to promptly implement a system of practical measures.

In this connection, I would like to submit certain considerations and proposals to the plenum on three groups of questions connected with further restructuring foreign economic relations.

First, we should accelerate the establishment of the economic mechanism, and even complete its general lines by 1990. This mechanism will gradually eliminate the overprotective elements of our economy and grant Bulgarian companies economic conditions that are comparable to those under which their main competitors operate. This mechanism should not only encourage our commodity producers to engage in competition abroad, but should also "introduce" foreign competition—from both socialist and capitalist countries—into our domestic market.

The gradual implementation of this goal requires an accelerated pricing reform and a more daring transition to the establishment of new price levels and rates, which are comparable to and linked to those that prevail on world markets. On this basis, we should again take up the question of determining the real rate of exchange of the Bulgarian lev in relation to convertible currencies in our country's international payments. It is high time to overcome our "virginal reticence" at the very thought of an exchange rate amendment which, in the long run, would just be to conform to the changes in our national productivity in relation to the volume of world economic expenditures that are based on social necessities.

Settling such problems would create objective prerequisites for the transition to a convertible Bulgarian lev. The all-or-nothing approach would be incorrect in this case. We are still unprepared for a transition to the convertible lev in the near future. By no means does this imply that even at the present stage we should refrain from adopting partial steps leading us toward the achievement of the goal. Such steps include, for example, a drastic increase in the volume of purchases and sales of convertible currency as early as 1989 within the framework of the recently created foreign currency exchanges; the liberalization of regulations on currency deals between interested Bulgarian companies; the ensuring of currency funds to guarantee the transferring of profits made by foreign business associates and shareholders within joint enterprises; and a gradual increase in the volume of currency resources which Bulgarian citizens are entitled to exchange while traveling abroad, provided this conforms to actually existing possibilities, and so forth.

The principle of self-financing and self-sufficiency in foreign exchange will play an important role in creating incentives and favorable conditions for our relations with foreign markets, for solving the problems of the balance of payments, and in establishing prerequisites for a gradual transition to a convertible lev. As of 1989, we will take further important steps in this direction. All institutions, such as state organs, banks, and the companies themselves are required to maintain strict discipline in observing this principle and to apply an approach under which the enterprises' ability to sell on the international market and to cover their currency expenses should be considered as a minimum requirement for their independent existence. However, in order to achieve the expected effect, we should eliminate the currently existing possibility of the total currency earned by exporting labor collectives and enterprises being concentrated in the higher-level organization.

In the long run, the total system of economic incentives and sanctions should represent a strong stimulus and interest in exports, and promote the creation of new resources, as well as inspire the striving for higher quality goods at lower prime costs, and efforts for obtaining optimal export incomes.

Second, the fundamental reform of legislation and of basic rules plays a decisive role in this respect, which also applies to our foreign trade activities. There is hardly any other sphere of our lives where still valid, formal acts are in such contradiction with the party's new economic strategy as in the sector of foreign economic relations. Both our Constitution and our foreign trade law, as well as a number of legal documents, our own textbooks, and lectures on economic law confirm the state monopoly over foreign trade as a fundamental postulate of socialism. This principle, which was introduced at Lenin's initiative under the specific conditions of postrevolutionary Russia to protect its economic system—which had been ruined by the capitalist chaos—is actually incompatible with the new principles of management that we are applying in accordance with our understanding that various forms of socialist property are entitled to a legal existence on an equal basis.

Does this mean that the state and its specialized organs no longer play any role and have no place in the new stage of development in our foreign economic relations? The opposite is true. Our country's experience and the experience of numerous other rapidly developing countries, including the so-called "newly industrialized countries," shows that the active role of the state in the strategic leadership of foreign economic relations; in coordinating and concentrating all national efforts and resources to promote advanced trends; and in actively protecting and assisting the national commodity producers and investors. In regard to international treaties and economic diplomatic relations, this role is an absolutely necessity for catching up with the most developed countries and attaining international market positions. Obviously, the restructuring process in the state organs and their future efforts should focus mainly on these trends, avoiding all attempts at bureaucratic interference in the independent market decisions of commodity producers, so that all operational tasks within the exclusive competence of the companies may be fulfilled.

These principles should be categorically confirmed by the new legal system for the regulation of foreign economic relations, by ensuring once and for all the clear and unmistakable differentiation between the functions of the state and those of the self-managing organizations in this sphere, as well as by providing guarantees and possible sanctions against occasional relapses into bureaucratic methods and arbitrary and despotic actions.

At the same time, the new legal system, along with the introduction of economic levers and regulators within the forthcoming years, should guarantee a harmonious coordination between the companies' interests in foreign economic relations and nationwide interests, which sometimes emerge in a particularly drastic manner, especially in the sphere of foreign economic relations.

Our experience over the last 2 years shows that we have failed to provide a satisfactory solution—both from the point of view of economic planning and from the legal point of view—to the question of guaranteeing the meeting of interstate commitments assumed by our country, while at the same time protecting the interests of the respective economic organizations in charge of fulfilling these commitments. This is a question of vital importance for our national economy that should be comprehensively resolved by the new legal documents.

Third, it is undoubtedly necessary that further essential changes be made in the organizational structures of foreign economic activities. Obviously, the main principle in this respect should be the consolidation of companies and of their unconditional and unlimited right to organize their own foreign trade activities in accordance with their own marketing strategy and interests. We should point out that in this respect a certain practical experience has been accumulated over the last 2-3 years. Nevertheless, the present situation is not in the least satisfactory for the following two reasons:

—Because relations between foreign trade units and commodity producers are still formal;

—and because the salaries of foreign trade experts are not sufficiently connected with the marketing results of the commodity producers for whom they are working.

A transition to a company-based organization, eliminating the monopoly on foreign economic activities, and replacing the bureaucratic form of remuneration by wages based on marketing results are the correct methods of overcoming the distortions that have occurred over the decades by foreign trade workers and units.

Economic units that exist due only to administrative support should not survive. However, those specialized foreign trade units and organizations that are in demand by commodity producers, under conditions in which there is free choice in foreign economic activities, may and should continue to exist. Some of them could be transformed into a particular kind of trade enterprise on a shareholder basis, engaging not only in marketing, but in production and investment activities as well, primarily aimed at creating new export resources.

The question of the scope of production-marketing work performed by our companies, from the point of view of the level of concentration achieved by their competitors, is of great practical importance. It is evident that neither concentration nor decentralization can be ends in themselves for us. The scales on which optimal marketing results are achieved are optimal, regardless of whether small, medium-sized, or large companies are involved. In this case the most important thing, from the point of view of our strategic goals, is to encourage and assist companies in overcoming their domestic isolation and to establish lasting contacts with international markets by means of various forms of integration with large transnational corporations, by creating their own redistribution and servicing networks, by means of sensible investments abroad and so on, in accordance with their marketing strategy. In other words, without the internationalization or even transnationalization of Bulgarian companies, we will hardly be able to achieve our full integration into the global economic processes.

In submitting these considerations to the plenum, I would like to strongly emphasize that the leadership and collective of the Ministry of Foreign Economic Relations are aware of their own responsibility for the consistent implementation of the new strategy of economic cooperation. We realize that we have accomplished no more than a first step in the new strategy of economic cooperation. We also realize our difficulties in overcoming harmful traditions and habits inherited from the past; we realize that some of our employees are suffering from "a policeman's mentality," seeing the meaning of their existence only in restrictions and prohibitions. I would like to assure the BCP Central Committee plenum that, in relying on creative, professional, and psychologically well-trained people, who are prepared for the fundamental changes—and, fortunately, quite a number of such people exist—we are capable of overcoming the stagnation of the old traditions, of taking over and carrying out all the functions and obligations stemming from the new strategy for our ministry, and of adopting the new principles of organizing our country's foreign economic relations. As for those who are unable to part with their nostalgia for bossy manners and command-administrative methods, we will have to part with them.

In approaching the final portion of my statement, I would like, as the permanent representative of our country to the CEMA Executive Committee, to briefly touch upon certain issues connected with our participation in socialist economic integration. In this respect, we are at the threshold of profound changes as well, which, as a whole, reveal favorable future prospects for our commodity producers. Simultaneously, we should bear in mind the fact that the time of administrative specialization and administrative trade relations is running out. The chances of preserving and further expanding the positions acquired in the past belong to those companies that consider the socialist market to be a real market, meaning that appropriate structures for marketing and maintainance should be organized, and that the permanently increasing opportunities for direct contact with the end consumer should be fully used, that direct links and joint investments should expand as effective forms of increasing mutual deliveries, and so forth.

In regard to our country, our economic cooperation with the Soviet Union and the other member countries of the socialist community, and our participation in the international socialist division of labor have always been vitally important to us. This will evidently remain so in the future. Bulgaria's solid positions in the system of socialist integration and the modern production and technological potential created on this basis make it possible for us to regard the full integration of our national economy into the global economic processes for the achievement of the highest levels of quality and competitiveness, not as a utopia, but as a realistic task of the near future. As Comrade Todor Zhivkov pointed out, in addition to all other things, we consider our cooperation and economic solidarity with the Soviet Union and the other fraternal states to be guarantees against possible efforts by some of our partners to take advantage of our "open door" policy to pursue unconstructive goals and to place our economy in an unfair situation.

All this is a precondition for our active interest in the work initiated by CEMA in connection with fundamentally restructuring the entire system of socialist economic integration and the organization itself.

In this connection, it is appropriate to recall that our leadership was one of the first to propose arguments in favor of the objective requirement for such restructuring and to develop numerous practical ideas in this respect. Nevertheless, time is also running out in this sphere. Any delay in the drastic restructuring of CEMA would inevitably weaken the integration factor as one of the main sources for the acceleration of the socioeconomic growth and structural-technological renewal of the socialist economies.

The question of a common socialist market is one the main issues of restructuring CEMA. It is becoming increasingly evident that only by establishing this kind of market will we ensure a new incentive for the integration processes and totally overcome the administrative-command methods of economic management on a national, as well as on an international scale, and be able to transform the economic organizations and millions of people in our countries into the basic agents of socialist economic integration.

Another problem, however, is emerging clearly: the awareness that the process of establishing a common market will by no means proceed in a smooth and prompt manner. The question not only pertains to the fact that the establishment of such a common market requires prerequisites which do not fully exist today, such as relatively highly developed national markets and a certain level of equality in socioeconomic development, as well as the compatibility of pricing systems, of currency exchange rates, of the principles of taxation, and other things. The main problem is that there is a great difference in the degree of maturity in terms of the subjective factor, and this is one of the main obstacles.

In taking this into account, our country recently adopted specific steps for the gradual development of the elements of a common market in relations with the Soviet Union and with certain other interested CEMA member countries. We are talking about joint investments and organizations, about liberalization of the exchange of goods, partial convertibility of national currencies and of the convertible ruble, about the establishment of direct mutual economic relations between territorial units in different countries, and so forth. There is no doubt that such initiatives are of great economic importance for Bulgaria. Their successful implementation will represent a serious contribution to the establishment of the practical international experience, which is likely to serve as a basis for gradual involvement in the new integration processes among all CEMA member countries.

Organically coordinating our traditional policy of close cooperation with the Soviet Union and the other socialist countries, to which the innovative processes in our community give new dimensions and new dynamic impetus, in opening up to all progressive and positive factors stemming from the accelerated advance of human progress, we will transform our economic relations and cooperation with other countries into a decisive factor for the implementation of the Bulgarian people's legitimate efforts to achieve material prosperity and intellectual assets, for a new quality of life under conditions of socialism.

Further BCP CC Plenum Speakers Noted

AU2312075188 [Editorial Report] Sofia RABOTNICHESKO DELO in Bulgarian on 15, 16, and 17 December 1988 carries reports on "statements" of participants in the BCP Central Committee 13-14 December Plenum.

Sofia RABOTNICHESKO DELO in Bulgarian on 15 December on page 2 carries the 4,000-word report on the "statement by Petko Danchev, candidate member of the BCP Central Committee and chairman of the 'Biotechnological and Chemical Industry' Association," read at the 13 December session of the BCP Central Committee 13-14 December Plenum. Danchev was elected by the plenum candidate member of the BCP Central Committee Politburo.

Danchev begins by stressing the importance of Todor Zhivkov's report at the plenum, and expresses the hope that the "present BCP Central Committee plenum will essentially improve the party program on practical activity, aimed at strengthening the reforms, eliminating the problems, and fully developing our possibilities." He describes the work and successes of the "Biotechnological and Chemical Industry" Association, and dwells on the importance of competition. He describes competition as a "driving force of development," and "a factor which will determine whether our companies will exist or not."

Describing the "new world realities" which Bulgarian commodity producers should expect to encounter, Danchev notes the "tendencies to form a common socialist market; to develop a new Western market; and to internationalize socialist property." In this context, he points out the importance of foreign economic relations, and demands incorporating these relations in the "long-range development plans." He describes the significance of the company-based organization, and asserts that "despite the difficulties that are to be expected, this is the only way of leading our commodity producers to new positions."

In conclusion, Danchev dwells on the importance of the plan, and emphasizes: "I think that the new condition of work, created for our commodity producers, must objectively transform the plan from being a shortcoming (something frequently seen until now), into being a great advantage, especially in using and developing the advantages of socialist property as uniform and indivisible property." In his opinion, the fact that the commodity producers will define and implement their interests on the company-based principle is the main factor "which will cause radical transformations, first of all in the area of strategic planning."

Sofia RABOTNICHESKO DELO in Bulgarian on 15 December on page 2 carries the 2,000-word report on the "statement by Todor Todorov, director of the 'Montana' Enterprise in Mikhaylovgrad," read at the 13 December session of the BCP Central Committee 13-14 December Plenum. Todorov begins by expressing his excitement about "being able to participate in the BCP Central Committee plenum and to tell you about our successes and our struggle to advance to the front ranks, and produce more for society and ourselves by introducing the new factors." In fact, his entire speech exclusively deals with the "Montana" Enterprise, which produces yarn. In 1986 after a "heavy production accident, which caused the interruption of production and great material loss," the collective "lost confidence" and the plant "accumulated many debts and found itself in a difficult economic situation." As a result, the 1987 plan has not been fulfilled by 14 percent. Against this background, the management, "led by the decisions of the BCP Central Committee July Plenum and the BCP National Conference, adopted after long deliberations the decision that the only correct resolution was the introduction of a new organizational system and labor wages based on the piecework principle." Todorov describes the reorganization of the plant and its successes, and stresses: "In practice, the brigades received such freedom of action about which we could only dream." In this context he expresses support for Todor Zhivkov's report, especially the part dealing with "untying the hands of the producers." He expresses gratitude to the BCP Mikhaylovgrad Oblast Committee and the BCP Central Committee "for the confidence, assistance, and support" rendered to the enterprise.

Sofia RABOTNICHESKO DELO in Bulgarian on 15 December on pages 2 and 3 carries the 2,000-word report on the "statement by Slav Karaslavov, member of the BCP Central Committee and director of the Publishing House of the Fatherland Front National Council," read at the 13 December session of the BCP Central Committee 13-14 December Plenum. Karaslavov devotes his statement to "the issue of the behavior of the creators from the sphere of intellectual culture, and their participation in the new processes." In this context he notes that "the restructuring and modernizing of our society prompted the activity of our intelligentsia; however, certain extremist tendencies emerged along within the sincere support rendered to the party policy of social restructuring." While saying that "we must not ignore these relapses," Karaslavov does not describe the "extremist tendencies" he mentions earlier.

Addressing the "difficulties of the publishing houses," Karaslavov describes the "paper shortage" as their "major problem." Further on, Karaslavov stresses the need for a new legal status for the publishing houses. In this context he points out that while "the collective can remove him at any moment, I cannot remove anybody, even if he is lazy and is not doing anything. There is no law against laziness!" In order to increase labor efficiency in his sphere of work, Karaslavov proposes "introducing 3-year contracts for employees and editors and relinquishing the practice of making appointments which were effective until retirement age." In addition he proposes publishing only "original and translated books that sell well," something which would help the publishing houses to balance their budgets.

In conclusion, Karaslavov expresses "his personal opinion," that "there should not be party organizations in the creative unions," and stresses that "we must not divide party members into the two categories of Communists and creators."

Sofia RABOTNICHESKO DELO in Bulgarian on 15 December on pages 3 and 4 carries the 2,500-word "statement of Petur Tanchev, secretary of the Bulgarian Agrarian National Union [BZNS] and first deputy chairman of the State Council," read at the 13 December session of the BCP Central Committee 13-14 December Plenum.

Tanchev assesses the plenum as "an unusual and historical plenum, and an exceptionally important event in the life of the party and the people." He stresses the importance of the "new road toward the future," and in this context points out "the great personal contribution of Todor Zhivkov, general secretary of the BCP Central Committee, who worked out in a timely way the basic theoretical and political problems of the strategy of the revolutionary restructuring of Bulgaria." Tanchev asserts that "the BZNS position and attitude toward the report of Comrade Todor Zhivkov and his introductory speech are fully supportive, because these documents determine the line of advance along the entire front of restructuring, and because they outline the highway along which Bulgaria is confidently entering the new

stage, the very essence of restructuring." He repeats various key points of Zhivkov's report and stresses the support of the BZNS for each one of them. In this context he mentions the "idea to implement restructuring 'from the bottom;'" the "company-based organization," "strengthening integration processes with the socialist countries," and "cooperation with world-famous Western companies."

Speaking about political reform, Tanchev describes its basic goals as: "Introducing significant changes in the Constitution which will regulate the new structure of the political system," "turning the National Assembly into a constantly functioning corporation," "giving more power to the self-managing communities' councils and elective organs," and "further democratizing the election system."

Further on, Tanchev describes cooperation between the BCP and the BZNS and pledges the support of the BZNS in implementing all aspects of restructuring in Bulgaria. In conclusion, he points out "the great, even decisive importance for restructuring of closest cooperation with the USSR, and the meetings and talks between Comrades Todor Zhivkov and Mikhail Gorbachev, at which they outlined the strategy of cooperation between the two countries and revealed broader horizons for saturating this cooperation with most progressive and efficient forms."

Sofia RABOTNICHESKO DELO in Bulgarian on 15 December on page 4 carries the 2,000-word report on the "statement by Yaroslav Radev, member of the BCP Central Committee, deputy chairman of the State Council, and chairman of the National Assembly Legislative Commission," read at the 13 December session of the BCP Central Committee 13-14 December Plenum.

Radev concentrates on the proposed reform of the legal system, and says that the restructuring of this system "must begin with transformations in the Constitution and end with changes in the legal norms and acts, subject to the law." He stresses the importance of quickly adopting new legal acts, and reports that "legal acts on managing economic activity, including a law on cooperatives, and on local self-managing communities, as well as amendments and addenda to the acts on the intellectual sphere" are prepared now. Radev supports the proposal made in Todor Zhivkov's report on "increasing the role of the court in establishing new forms of economic activity, or discontinuing such old forms."

Further on, Radev dwells on the importance of developing socialist democracy, and points out that "at the moment our socialist democracy, in its scope and contents, is superior in many repects to the legal system of many countries, which are thought to be examples of democracy."

Radev describes the "rights and freedoms of the citizens" as the "criteria for developing democracy." In this context he reports that "appropriate laws" are prepared at the moment "to facilitate the implementation of the citizens' rights." In his opinion, "practice shows that rights without obligations produce privileges and, to a certain degree, a consumer attitude toward society and the state." Therefore, he concludes that "the precise fulfillment of the obligation is a necessary condition of accelerating social progress and developing and implementing the citizens' rights."

Radev emphasizes the importance of order and discipline, "without which freedom turns into anarchy." He demands strict observation of the law and quotes Todor Zhivkov on the importance of discipline in all spheres.

Sofia RABOTNICHESKO DELO in Bulgarian on 15 December on page 4 carries a 2,000-word report on the "statement by Tsonyu Tsonev, chief director of the Central Institute on Computer Equipment and Technologies and main constructor of computer equipment of the People's Republic of Bulgaria," read at the 13 December session of the BCP Central Committee 13-14 December Plenum.

Tsonev describes the importance of the company-based organization in developing electronics in Bulgaria. In this context he describes Bulgaria's cooperation with other countries in the area of producing electronic equipment. While he expresses total support for Todor Zhivkov's report, and describes the "great impression, which the report, with its profound analysis of the modern world and influence on developing socialist Bulgaria, made on him" Tsonev also points out that the "condition of strengthening specialization in electronics requires establishing more companies than the eight to nine mentioned in the report."

Speaking on the tasks of Bulgarian electronics, Tsonev mentions "developing microelectronics," "expanding the range of its products," and "making a breakthrough in the world market" as the basic tasks of the branch. As do the other speakers, Tsonev also stresses the importance of "developing economic and production cooperation with leading companies in the Western countries," along with "establishing joint enterprises with the USSR."

Sofia RABOTNICHESKO DELO in Bulgarian on 16 December on page 6 carries the 2,000-word report on the "statement by Nikola Tsonev, member of the BCP Central Committee and first secretary of the BCP Lovech Oblast Committee," read at the 13 December session of the 13-14 December BCP Central Committee Plenum.

Tsonev expresses the support of the Lovech Oblast Communists and working people for the "course of carrying out a crucial transformation in restructuring production and economic structures, and in the political

and intellectual spheres." In this context he points out "the personal contribution of the general secretary of the BCP Central Committee, who succeeded in mobilizing the party's collective intellect and directing it toward solving the cardinal problems of our time."

Further on, Tsonev describes the successes of the BCP Lovech Oblast organization, and mentions "asserting the new party structures," "increasing the independence of the municipal party and state leaderships," and "asserting the population's participation in discussing important aspects of our socioeconomic development." He reports the successes of various industrial enterprises in Lovech Oblast and their efforts "to strengthen relations of integration with the socialist countries and to establish contacts with leading Western companies." Tsonev expresses support for "Comrade Zhivkov's idea on advancing toward the company-based organization of economy." He points out the "necessity of training more legal cadres," and says that "during the next 7-8 years Lovech Oblast will need 450 additional lawyers."

In conclusion, he describes the efforts of the BCP Lovech Oblast organization "to prompt the activity of the party committees and primary organizations as a vanguard of restructuring."

Sofia RABOTNICHESKO DELO in Bulgarian on 16 December on pages 6 and 7 carries the 2,500-word report on the "statement by Andrey Bundzhulov, candidate member of the BCP Central Committee and first secretary of the Bulgarian Komsomol Central Committee," read at the 13 December session of the BCP Central Committee 13-14 December Plenum. At the plenum Bundzhulov was elected full member of the BCP Central Committee.

Bundzhulov adheres to all "crucial aspects" of Todor Zhivkov's report to the plenum. He fully supports the report's premises on the "political work of the party with Bulgarian youth," "releasing the Komsomol from being an element of the power hierarchy, a position it has acquired throughout the years," and "renewing the mechanisms of mutual relations between the party and youth and between the state and youth."

Bundzhulov sees the main task of the Komsomol as "forming communist ideals in the young people, and their ideological, political, intellectual, moral, and civil education."

Repeating the most important points related to the Komsomol, made in Zhivkov's report to the plenum, Bundzhulov defines the future tasks of the Komsomol as: "forming the Komsomol organizations in a new manner, on the principle of representing youth organizations from the bottom," "finding a more efficient solution to the issue of Komsomol membership," "finding resources which will ensure the activity of the youth," and "categorically changing the system of promoting leading cadres in the Komsomol." In conclusion, he pledges the Komsomol's support in "achieving the great goal—constructing our motherland as a highly developed and civilized socialist country."

Sofia RABOTNICHESKO DELO in Bulgarian on 16 December on page 7 carries the 2,500-word report on the "statement by Blagovest Sendov, chairman of the Bulgarian Academy of Sciences," at the 13 December session of the BCP Central Committee 13-14 December Plenum.

Sendov describes his participation in the activity of the International Foundation on Mankind's Survival and Development, "which is a result of the new political thinking and focuses on the new realities of the modern world." In this context he points out the importance of "Lyudmila Zhivkova's idea on establishing the 'Banner of Peace' movement," an idea which, according to him, was far ahead of its time.

Sendov devotes most of his statement to restructuring in science. In his opinion it "must create unprecedented possibilities of intensifying the creativity of Bulgarian scientists and of sharply increasing the efficiency of scientific research." He stresses the importance of ensuring sufficient funds for scientific research and points out "financing through contracts" and "donations, usually called grants" as sources of financing scientific research. In the first category Sendov describes scientific activity on the basis of contracts "received from plants, enterprises, and state institutions" that will pay for scientific activity conducted on the basis of contracts signed with them. As sources of possible grants Sendov lists state funds for scientific research, the fund of the Bulgarian Academy of Science used for scientific research, and grants of the self-managing scientific institutes. In order to encourage donations for scientific activity Sendov proposes tax exemptions for donations to scientific institutes, and advises studying the experience of other countries in this area.

Sendov emphasizes that "the Bulgarian Academy of Sciences has begun its restructuring in accordance with the July Concept." According to him, "this is a very difficult and in many aspects, even painful process." In this context he mentions "cooperation with Soviet scientists, which is expanding and rendering specific results," as a factor which facilitates scientific restructuring.

He concludes his statement by pledging that "the Bulgarian Academy of Sciences will contribute to the practical implementation of the July Strategy in restructuring our society."

Sofia RABOTNICHESKO DELO in Bulgarian on 16 December on page 7 carries a 1,300-word report on the "statement of Sava Dulbokov, member of the BCP

Central Committee and first deputy chairman of the Fatherland Front National Council," read at the 13 December session of the BCP Central Committee 13-14 December Plenum.

Dulbokov describes Zhivkov's report as a "remarkable document on constructing the new model of socialism in the People's Republic of Bulgaria." After repeating the main points contained in Zhivkov's report, Dulbokov turns to the role of the Fatherland Front in facilitating restructuring. In this context he discusses the "historical role of the Fatherland Front that withstood the tests of time and proved its vitality as an organization and movement of all people." He admits that while the Fatherland Front is restructuring, "the results so far have not caused a fundamental change in the organization, forms, and contents of its work, and it did not become an active factor of the people's self-management."

Further on, Dulbokov describes "the role of the Fatherland Front in asserting local self-management," and quotes Zhivkov's report concerning the fact that "it is impossible to imagine the full-fledged functioning of the territorial self-managing communities without the participation of the Fatherland Front." In this context, he lists various cultural and educational activities of the Fatherland Front, stressing that the Fatherland Front will "cooperate in resolving the social problems of young and large families and elderly people, and will defend the consumer interests of the citizens."

In conclusion, Dulbokov assures the BCP Central Committee that "the Fatherland Front will do everything possible to increase its contribution to the entire people's cause of revolutionary restructuring of society and further constructing socialism in Bulgaria, by broadly applying the public principle, and enhancing civil independent activity, initiative, and responsibility."

Sofia RABOTNICHESKO DELO in Bulgarian on 16 December on page 7 carries a 1,600-word report on the "statement by Petko Danev, candidate member of the BCP Central Committee and first secretary of the BCP Varna Municipal Committee," read at the 13 December session of the BCP Central Committee 13-14 December Plenum.

Danev begins by stressing that the BCP Central Committee plenum "will not adopt formal transformations, but will make a step of great revolutionary scope, that will be a continuous process, whose efficiency will be tested in practice." After "highly evaluating the innovative role and importance of the activity of the BCP Central Committee, as well as the personal contribution of Comrade Todor Zhivkov to developing the theory and practice of socialist construction in Bulgaria and renewing and creatively developing the Leninist concept on socialism at the contemporary stage," Danev describes the successes of the BCP Varna municipal organization. He quotes data on the city's industrial production and expresses support for the principle of territorial self-management. According to him, "the municipalities will be able to better regulate economic and social relations if their freedom increases." In conclusion, he pledges the support of "all Communists, public and economic organizations, and all working people in implementing the tasks posed by the BCP Central Committee plenum."

Sofia RABOTNICHESKO DELO in Bulgarian on 17 December on page 4 carries the 2,000-word report on the "statement by Stoyanka Krustenova, candidate member of the BCP Central Committee and chairman of the Executive Committee of the Plovdiv Oblast People's Council," read at the 14 December session of the BCP Central Committee 13-14 December Plenum. Krustenova was elected full member of the BCP Central Committee at the plenum.

Krustenova "fully adheres to the proposed resolutions on further implementing the July Concept in practice." According to her, "economic changes must be the core of restructuring." In this context she points out the importance of "constructing a qualitatively new structural model of economic integration, which must ensure the working out and implementing of a uniform policy and a merger of territory, science, production, and cadre training."

Further on, Krustenova describes various economic and social successes of Plovdiv Oblast, stressing that "now the municipalities enjoy greater independence and freedom in adopting decisions, and their interest in the profitability of the self-managing economic organizations has increased." She points out the importance of broadly attracting the masses to participating in the political process. According to her, "the place and role of the oblast People's Council in developing democracy is determined by the established character of its relations with the municipalities and self-managing economic organizations, and by the scope of its work's glasnost." In this context she admits that "both the municipal and oblast People's Councils still have not felt the positive influence of control from the bottom, from the self-managing organizations. We lack the ability to search for this control and to take it into consideration. We got used to justifying this weakness by saying, 'We are still learning about democracy!'"

Krustenova concludes her statement with an appeal to adopt laws and decrees on "increasing the role of the oblast leadership as a territorial government of sorts," something which, in her opinion, will improve the quality of its work and "the degree of its own restructuring."

Sofia RABOTNICHESKO DELO in Bulgarian on 17 December on page 5 carries the 1,200-word report on the "statement of Plamen Vachkov, chairman of the 'Microprocessing Systems' Economic Trust in Pleven," read at the 14 December session of the 13-14 December BCP Central Committee Plenum. Vachkov was elected candidate member of the BCP Central Committee by the plenum.

Vachkov devotes most of his statement to "some problems of the microprocessing systems and their quick development as a structure-determining branch of electronics and industry." He describes the successes of the branch, and stresses that "the results which have been reached are impressive, but insufficient." In this context, he points out the need for developing the production of components and peripheral devices as a precondition of further developing microprocessing in Bulgaria. In addition, he emphasizes the need for importing modern technological equipment in order to prevent lagging behind the developed countries.

Vachkov describes cooperation with the USSR and says that "some 15 joint forms of activity, among them 3 joint enterprises and 2 scientific-production trusts, are already functioning." He further points out that "the policy of opening the enterprise to other countries prompted the creation of their own companies in Western Europe, South Asia, and Japan, and to opening of representations and service bureaus of foreign companies in Bulgaria."

Vachkov supports the establishment of companies in the field of microprocessing. In this context, he points out the necessity of applying the principles of "merging on a voluntary economic basis," "free competition," "interests," and "strictly specifying relations between the companies and the state." In conclusion, he proposes introducing tax exemptions for companies producing articles of strategic importance.

Sofia RABOTNICHESKO DELO in Bulgarian on 17 December on pages 5 and 6 carries the 2,200-word report on the "statement by Nenko Goranov, chairman of the 'Complex Automation of Technological Processes' Economic Trust," read at the 14 December session of the BCP Central Committee 13-14 December Plenum.

Goranov points out "the special place of economy" in "resolving the cardinal problems along the road of restructuring." He devotes most of his statement to the machine building industry. He describes the successes of the machine building industry and emphasizes that "machine building is the foundation upon which the stability and efficiency in developing almost all other branches depend." Goranov also surveys some shortcomings of the branch, mentioning "insufficient experience in assuming more stable positions in Western markets," "failing to coordinate the pace of development with auxiliary sub-branches," and "disrupting the development of some machines and systems." He expresses support of the company-based organization of economy and proposes further developing relations with the USSR and with "leading nonsocialist countries and companies." Goranov points out the importance of ensuring the economic independence of the companies, however, he emphasizes that in certain areas the role of the state remains crucial. Such areas are "regulating the processes ensuring the resolution of interface problems between various branches, and exercising strict control," and "assistance in overcoming territorial disproportions in everything related to manpower employment."

In conclusion, Goranov proposes strengthening the role of the state in coordinating the implementation of major projects of long-lasting technological and economic national importance.

Jakes Affirms Support for USSR Policy

LD2212185188 Prague Domestic Service in Czech 1730 GMT 22 Dec 88

[Text] Comrade Milos Jakes gave an interview to ARD, the West German television's First Channel. In his replies to questions about topical issues of international politics and the international situation in our state, he described the current development and prospects for cooperation between Czechoslovakia and the FRG and Czechoslovakia's active part in the process of disarmament and strengthening international security. He dealt with progress in restructuring society in our country and explained the importance of strengthening socialist democracy for the real application of the rights and interests of the citizens.

Asked about Czechoslovakia's allegedly restrained attitude toward restructuring in the Soviet Union, Milos Jakes said this allegation was a big mistake. We fully support the policy of the CPSU and the USSR and consider it correct. As for internal affairs, it naturally proceeds from specific Soviet needs, and we also respect our own conditions and needs. The purpose and goals of restructuring in Czechoslovakia and the Soviet Union are similar [shodne]; we are going along the same path. In our country, too, we are purposefully carrying out economic reform and developing the process of the further democratization of social life. At the same time we have an interest in ensuring that further progress is made in efforts to reduce the danger of war and strengthen confidence in international relations, and we are using our initiative in contributing to this, Comrade Milos Jakes said in his interview for West German television.

Agreement in Southern Africa Welcomed

LD2212205988 Prague CTK in English 1835 GMT 22 Dec 88

[Text] Prague Dec 22 (CTK)—Czechoslovkia welcomes the tripartite agreement on a settlement in southwestern Africa between Angola, Cuba and South Africa and the bilateral agreement on a withdrawal of Cuban troops from Angolan territory between Angola and Cuba which were signed in New York today.

This point was stressed by Czechoslovak Foreign Ministry spokesman Ivan Kulhanek in a statement here today. The implementation of the tripartite agreement will mean a decisive step towards an end to the unlawful occupation of Namibia by South Africa and towards its independence in harmony with U.N. Security Council Resolution No. 435.

Czechoslovakia highly appreciates the U.N. activity in solving the question of Namibia and is ready to actively support all further steps of this organization aimed at changing the south of Africa into a zone of peaceful development. At the same time, it explores possibilities to actively support the U.N. peace forces being formed to supervise the process of a political settlement in this region, Kulhanek said.

He voiced Czechoslovakia's full support for the current process of peaceful settlement of the situation in this part of the world and Czechoslovakia's conviction that the New York agreements will become an important milestone on the road towards a peaceful settlement of the situation in southwestern Africa.

Czechoslovakia is of an opinion that a definitive solution to the problems in this region requires the removal of the regime of apartheid in South Africa.

Lenart Rules Out Dubcek's Political Future

LD2012230388 Budapest Domestic Service in Hungarian 2100 GMT 20 Dec 88

[Text] In Italy a Czechoslovak party leader of Hungarian origin has criticized Alexander Dubcek, who was recently given a warm welcome there. Josef Lenart described Dubcek, one of the main figures in the events of 1968, as a weak politician. At the same time, he confirmed that in Czechoslovakia Dubcek can at the most remain an ordinary citizen but in no way can he return to the political stage.

At the same time news agencies consider it worthy of attention that the Central Committee secretary spoke in a more nuanced way than usual about the events of 1968. Lenart said that they had also shown some results.

Speaking about the present situation, however, he spoke disparagingly about the Czechoslovak opposition and said he does not consider it necessary for them to form a party.

National Assembly Concluding Activities

Karpati Gives Speech

LD2212205188 Budapest Domestic Service in Hungarian 1705 GMT 22 Dec 88

[Speech by Defense Minister Ferenc Karpati to the National Assembly session in Budapest—live]

[Text] [Karpati] My esteemed fellow deputies. As I was left to the end of this long session and as defense has often been raised in the past few days, perhaps you will understand that I will be short now—although I was not begrudged the time, unlike my fellow deputies.

Esteemed National Assembly. On the 1st day of the present session, Comrade Miklos Nemeth, chairman of the Council of Ministers, comprehensively familiarized you with the aim, the meaning, and process of the government's transformation work. As he said, the issues related to it form an important background for modifying past practice, reforming political institutions. The submission now presented by the government, the proposal to modify Act No One of the 1986 Defense Law is also related to this, aimed at this.

It is known that previously several committees have worked alongside the Council of Ministers headed by deputy ministers. This was the case with respect to defense and public security. The Defense Committee has been working since April 1962. The majority of the government committees have by now ceased and the post of the chairman of the Defense Committee has been filled—since the middle of last year—by the chairman of the government.

This has been a significant change. Now we wish to take another step forward. The government submits this proposal, taking as a point of departure that it should not be a separate committee which would deal with international military policy—and closely linked to this—with questions on the country's defense, public order and safety—but that it should be dealt with by the entire body of the Council of Ministers. We can expect from this measure that in future the government will be able to introduce the necessary national measures on these important issues in a more well-founded and coordinated manner, taking into account all aspects.

It is my conviction that with these modifications, government will be able to satisfy demands presented by the National Assembly that issues should be raised here more often and in substance. As present experience shows, the National Assembly should not only be able to familiarize itself with matters during the state budget debate—that is, when its activity is confined essentially to determining the size of the subsidy. Here I have in mind particularly the National Assembly plenary session because the National Assembly Defense Committee deals with its allotted areas and bodies comprehensively and regularly. I understand that on essential issues it forms an opinion and takes a position on the basis of reports, and—not infrequently—on the basis of local sessions, and personal experiences and impressions.

We have taken determined steps recently toward being open and we provide detailed information on several issues previously considered taboo to committee members. The National Assembly Defense Committee sessions are not closed—any deputy can participate in them—so, to comment to this effect is like banging on an open door.

Esteemed National Assembly, on behalf of the government and in agreement with the Defense Committee I am respectfully asking the National Assembly to adopt the proposed submission to modify the law. Thank you for your attention.

Tax Law Amendment Approved

LD2212173688 Budapest MTI in English 1534 GMT 22 Dec 88

[Text] Budapest, December 22 (MTI)—During the December session of the Hungarian National Assembly in Budapest Thursday, the draft amendment to the law on personal income tax was adopted, together with the previously approved modifications, with 11 votes against and 15 abstentions. Accordingly, next year the present tax brackets will be replaced by those of the B version of the government.

Prior to this, after the debate on the bill, the presiding [as received] Istvan Stadinger announced the death of Ivan Boldizsar, MP elected on the national list, writer and president of Hungarian PEN, on Thursday morning. He was going to address the Wednesday debate of the session.

Another announcement by Istvan Stadinger concerned the Wednesday position of parliament in connection with the pope's message. He said the position, according to the ballot counting of Wednesday evening, was adopted with one counter-vote. Later, however, it turned out that one MP raised his hand because he wanted to speak on a procedural question, and this was misinterpreted as a vote against. With this in mind, the president stated subsequently that the position on the pope's message was unanimously adopted by parliament.

Session Concludes 22 Dec

LD2212215788 Budapest MTI in English 2004 GMT 22 Dec 88

[Text] Budapest, December 22 (MTI)—As the last item on the third day of parliament's December session, Colonel-General Ferenc Karpati, minister of defence, proposed the amendment of the Law on National Defence.

This amendment is another step in streamlining governmental work, the minister said. Under its terms, the entire Council of Ministers should tackle international military policy issues, the defence of the country, public order and public security, rather than one committee affiliated to the government. It can thus be ensured, he added, that parliament will not only be informed about national defence issues in the debate over the budget. The legislative body unanimously approved the motion.

The third day of the December session of the Hungarian National Assembly ended on Thursday evening. The legislative body is to continue its work on January 10, when it is scheduled to discuss the bills on the amendment to the Constitution, the rights of assembly and association, decide on modifying parliament's standing orders, and discuss interpolations and questions of the MPS.

Nyers Interviewed on Social Democracy, MSZMP

LD1912144588 Budapest Television Service in Hungarian 1800 GMT 18 Dec 88

[From "The Week" program]

[Text] [Unidentified correspondent] It isn't easy to find your way among the self-organizing movements being formed one after the other today, if only because of their great number. But the reappearance of the old adherents of one of the major trends offers an opportunity to ask very interesting questions. I turned to Rezso Nyers [member of the MSZMP Central Committee Politburo and minister of state], who is a distinguished domestic expert on the problem. I interviewed him in the Kossuth Club office just before he delivered a lecture on this topic.

[Begin recording] [Correspondent] In 1948 at the congress of the merger [between the Hungarian Communist Party and the Social Democratic Party] both Rakosi and Szakasits said that the two parties, the Social Democratic and the Communist Parties, are bringing their own dowries to the marriage. We know what happened then. Stalinism swept the social democratic dowry off the table and soon afterwards, the leftwing social democrats, themselves, as well. In your opinion, what was the Social Democratic dowry which has been lost for 40 years but which is maybe of interest today?

[Nyers] Primarily it was the internal democracy of the party. Just as Szakasits publicly told the nation that we are an arguing party, the Social Democratic Party was debating about party politics, interests, ideas, and so it was characterized with an inner pluralism. After the merger, with the strengthening and the domination of the Stalinist feature of the Communist Party this inner debate stopped completely, the party was transformed into a military-style unit, and this prevented the party from being able to analyze the political situation impartially and see its own situation within the society.

The second item in the dowry was a realistic economic policy. This realistic economic policy, together with the Communist Party's extraordinary dynamism striving for revolution and socialism, would have been a good alloy for the merged party, but this did not happen. This realistic economic policy was still included in the program statement of the merged party. But then there was no word about the nationalization of small-scale industry; there was no word to the effect that in 3-4 years we will try to chase the peasants into the cooperatives, and so forth. There was no mention, then, that we want our country to become a country of steel and iron, but there was talk about the development of light industry and agriculture.

The third item which was lost was that Hungary as regards foreign policy should have simultaneous and intensive relations and friendly ties with the Soviet Union and the other East European countries, but at the same time it should maintain intensive and good relations with West Europe. This was also a Social Democratic idea which was not contrary to the 1945-48 policy of the Hungarian Communist Party, but the Social Democratic Party placed more emphasis on it. I would consider these the most important.

[Correspondent] So you are of the opinion today that MSZMP members can proudly identify with these traditons?

[Nyers] I think that is right. Although we have progressed toward a communist-social democratic synthesis, this synthesis is not yet the real one. Retrospectively, the history of the two parties has to be clarified and investigated. The history of the Communist Party, incidentally, is a greater mystery even today, than that of the Social Democratic party since it took place openly.

However, I consider it most important that the positive features and weaknesses of both parties have to be considered right up to the merger and the positive features have to be adopted. So there is a need to break permanently with the concept of party history, which incidentally was taught in the party schools for quite a long time. According to this concept the Social Democratic movement was positive and a great value, and it fought for the liberation of the working class until World War I. But after World War I, after the communist movement came into being, the Social Democratic Party became something negative or a counterbalance. This is not true. The two parties together formed the most solid part of the Hungarian left wing. Sometimes and at some places it created a very small but very firm part of this.

[Correspondent] Our foreign policy, including the party relations as well, has a very good relation with the trend which is represented by the names of Olof Palme, Felipe Gonzalez, or Andreas Papandreou. Do you see any task from this for the current policy of the MSZMP?

[Nyers] I do, by all means. First of all, when we politicized with West Europe and socialism—originally a European creation and it is strongest in Europe even today, I think—we have to develop particularly intensive relations with the European social democratic and socialist parties, which could facilitate the creation anew of a European left wing, a progressive left wing. I believe it is very much needed. Not every Social Democratic Party is suitable for this at the moment, and not every Communist Party either. Our party, as a merged party, as a reform communist party—I dare to call it that, it is a reform communist party regarding its policy today—is suitable for this precisely because of its reform policy.

[Correspondent] Finally, a question about the fact that 80-year-old Andras Revesz has announced the establishment of the Hungarian Social Democratic Party. In the light of what has been said, do you see some kind of place and role for such a Social Democratic Party in the Hungary of today?

[Nyers] I will talk about this here in my lecture. At the moment it is unclear what sort of political formations are coming into being and what sort of political formations will have a role in pluralist system of the future.

I believe that first of all the merged party feature of the MSZMP has to be preserved by all means, and this communist-social democratic syntheses has to be aimed at. If this is achieved, and we are on the right path for this, then it will be possible, of course, to form a social democratic movement or party that strives to become more social democratic than this. I think this is possible, but I very much doubt that if we really amalgamate the social democratic values, that it could be any more social democratic. In my opinion, the social democratic concept, in such a truly reform communist and modern party, could have a place also within the party. [end recording]

Pozsgay Discusses New Role of Party

LD2012103388 Budapest Domestic Service in Hungarian 2000 GMT 19 Dec 88

[Roundtable discussion led by Istvan Huszar, general secretary of the Patriotic People's Front, member of the MSZMP Central Committee, with Imre Pozsgay, MSZMP Politburo member, minister of state; Maria Augusztonovics, scientific adviser to the Economics Institute of the Hungarian Academy of Sciences; Miklos Szabo, first secretary of the Bacs-Kiskun MSZMP committee; and Peter Schmidt, lawyer, university lecturer; in studio, 10 October—recorded]

[Excerpts] [Introductory passage omitted] [Pozsgay] The party is witnessing the beginning of a lively political life. Some people consider this in itself to be a crisis phenomenon. I think that the crisis, primarily the serious production lack and stagnation affecting the economy certainly plays a part in activating party membership, but this in itself is not a crisis phenomenon. This is precisely proof that the party is regaining strength, and is receptive to undertakings. During the preparations for the May party conference, and at the May party conference, my opinion was that it is good that this debate has begun, for the capacities of the party can be truly manifested in this debate. Also, something on the basis of the experiences acquired since then, it seems that these historical moments had to happen for the membership to regain its own role—which to a certain extent the party membership had been living deprived of—for it to regain its role and to appear once again as a movement before society. This movement shows that it is multicolored precisely by taking on a role publicly.

Many people are alarmed by the debate; they consider it an unnatural state. It is a question of the factors of a particular sacred picture of unity, and a method of exercising political power, their consequences. Where a monolithic and monopolistic method of exercising power develops, and the picture of unity is tied to this, naturally it fills everyone with alarm if some kind of peturbation can be detected in the unity, for people see the balance of the whole system and the whole of society in danger.

It is urgent that we get through this phase so the practice of a new kind of unity can be established in the party, for we had to realize that there was a sphere of movement outside the party, too, and movement had started outside the party. In May, many people could still imagine that we were a wonderful organization capable of overcoming its own problems of direction, leadership, and the country's leadership problems, but we would continue to be there like a fixed star in the center of events and affairs, and other matters would orbit around us; since then it has transpired that they orbit along with us, or if we cannot join in this process, then these events will sweep us out. Apart from us, there is no political force here that could stabilize our situation, and clarify our leading position. [passage omitted]

I can go along with those who are anxious, up to the point of looking for the balance of the exercise of power; but when its method has to be declared with a kind of reinstatement of the old order which could again only envision the effectiveness of the party with a form of sacred unity, this I cannot agree with.

It is my conviction that the time is past when unity can be created in this way. I add that since this time is past, inevitably the party is weakened by those forces that want to offer a reinstatement of the old order as a methodology for this situation. Let us not talk in riddles about the matter of reinstating the old order. I think that in the future, there is no possibility for the kind of unity that can be created on the basis of some kind of prestige principle. There will only be unity in those questions we debate and in which we arrive at a consensus. Thus debate is of fundamental significance in the party and also in society, too. [passage omitted]

We cannot avoid the debate either because the debate will not depend on what tempo we dictate. The debate is already being dictated in this society, for the party is being touched by external impulses. This is partly because of the party itself—the earlier methods of exercising power and of governing—and partly because of the situation and the (?movement) of the whole world. Perhaps it would be worth speaking separately about this, but it is a fact that it does not depend on the party whether it wants to debate or not. [passage omitted]

[Pozsgay] It is one thing to be in power, and another thing to exercise a leading role in society. Power was managed; as to how we exercised it, that is a different question. To practice a leading role means to manage to convince the whole of society, and have it approve our endeavors and program. From this point of view, I, too, consider plurality a reality, I think we all think in the same way on this, around this table. This also means for me, that one cannot presume such a narrow vision from a political party that from the start, because of some kind of politeness, because it has a bad, guilty conscience, will renounce its leading role. Party membership cannot be prepared for the tasks of the coming era like this, only because there has to be pluralism. Pluralism will find its own niche and work it out, because the whole thing is movement. The conscious endeavor of the party itself must be that it is called to fulfill this leading role. [passage omitted] When we speak of a program, I think in terms not of rigid definitions, but setting aims.

[Huszar] Now, party unity and freedom of platform. Let us dwell on this problem a bit.

[Pozsgay] Party unity will increase amid the conditions of pluralism.

[Huszar] The requirement or the fact?

[Pozsgay] The fact of this may increase, but beyond that, I believe that there must be an organizing principle, within the grouping of the party movement, which is lasting, and is relatively resistant to change; I do not always mean something positive by change. It should be resistant to change, in order for the party to have an organizing force; this, naturally, may be the program. However, there must be an organizational principle that ceaselessly enables the ideological expression of various groupings, in order for the criticism of a given situation to be carried out. If we cannot criticize an attained situation, because oppositon by some kind of authority makes it impossible, for example it does not give it publicity, in the final analysis we could fall again into the organizational condition into which we fell while governing and with the utilization of the means of governing.

Thus, I believe in freedom of platform, but I do not believe in forms of groupings within the party that may break this common base apart and break the party into factions. Pluralism must be manifested, basically, outside the party, and it is in that the party must stand its ground. Thus, we must remain an effective party. I do not even consider centralism to be such a course, which can only be said with lowered eyes, if it is built on a genuinely democratic basis and is not bureaucratic centralism. it must be effective and successful, otherwise this organization is not valid. [passage omitted]

[Pozsgay] Then, there is the issue of political stability. In my opinion, stability is the primary asset; at present it must be preserved. We see what it means in the world whirling around us. Well, in this case, the leading party has an enormous responsibility regarding how much it sees out of these pluralistic opportunities, and how it prepares itself for these. If it does not prepare itself it will not be the only one to lose, as an organization, but so will the country. [passage omitted] In order for it to be able to stand its ground in pluarlism, the party should not be the arena of struggle of platforms and factions; it should be easier to separate oneself from the party, if one does not agree with it. Without doubt, it would be absurd for the party to bear, in itself, things that paralyze it organizationally, in pluralistic political situation.

However, this then is not a question of conscience, since it is forced out of the party by the situation of competition, so to speak, the situation of political competition. [passage omitted]

[Pozsgay] Why doesn't the power, the government, have a press? Precisely because as long as there exists a monopolistic method of exercising power, he who can appear in the disguise of morality is the one who opposes it. Owing to this, he disarms all the supporters. [passage omitted]

[Pozsgay] If there is too long a period of consolidated exercise of power, without controls, it also ends itself to conditions ripe for corruption. The whole thing does not even depend on who, personally, is muddied, but the conditions become like that. If you please, read the reports in the Soviet papers on the Brezhnev period, and this picture comes together from them. Now, Hungarian publicity has set itself to work on cleaning up Hungarian public life, from this aspect. It is not certain that this is the most fortunate aspect of things, but whether or not these things come forth does not depend on us. [passage omitted]

[Huszar] Let us step further. Can't the charge be made that often our current social condition is (?judged) on the basis of disarray, of unpredictability, and that people want to see great order, predictability, and a greater possibility for calculation. [passage omitted] Can something, after all, be said about the trends existing in this regard in party public opinion?

[Pozsgay] I believe that uncertainty is stronger, that is my problem. I believe that the people wish for a decent order, born by freedom, but a bad order can come out of this, a dictatorial order. It sounds rather strange, from my mouth, but—I am thinking not of the inhuman

aspect but of the organizing capability—if it were effective, I could imagine living to see it. However, there is no Bonapartist solution to the problems now, at the end of the 20th century, in the world, because production forces have come about, and they have been internationalized to such an extent. Well, the nations choosing dictatorial paths exclude from themselves the world market and world contact. We see the fate of all of them—I do not want, here, to mention examples. I am a great believer in order, but it would be necessary to promote a self-organizing order, that after all contains some kind of conscious program, which does not allow this wish to be shepherded over into the world of Bonapartist or dictatorial solutions. [passage omitted]

[Huszar] How, and in what way, should we rethink the relationship of the party and the state? [passage omitted]

[Pozsgay] Perhaps I am saying something surprising, but I do not deal with the thought of party-state separation. [passage indistinct]

However, the party-state relationship is not one with the characteristic of a division of labor; it is a question of the relationship toward policy, and a question of when it has a say in this. For this, the party had to put on the state's apparel; that is, there, in the state, it has to exercise its own political influence, whether by forming a government, forming a coalition government, obtaining a parliamentary majority, and so forth. Thus, this kind of parallelism, which does not have the character of a division of labor, but which has taken shape, can not be maintained for a long time, where analogous decisions are reached, and the state, properly speaking, just plays out the standpoints of power that were already decided somewhere else. This is not good for the party, either, in the final instance. [passage omitted]

Thus, the drawing up of a new constitution, which by all means will be obligated to clarify the issues of the state, will not be directed at excluding the party from the state, in my opinion; however, it will be directed at how the party (?fits) into this state, so that it had a direction-indicating role. Because, in my view, a separation is a way of thinking in categories of functionaries. What I consider to be a basic issue is how the party is able, in the state role, to assume its exercise of power or the responsibility of governing. [passage omitted]

Szuros Writes on Foreign Policy, Economy

AU2212100188 Budapest NEPSZABADSAG in Hungarian 17 Dec 88 p 5

[Article by MSZMP Central Committee Secretary Matyas Szuros: "Foreign Policy—A National Affair"]

[Text] We have come to a period of sudden changes in socialist construction. The question inevitably arises: What interdependence can we notice between the already perceptible processes of our social and economic restructuring and Hungary's international situation and its foreign policy? The above question is also justified by the fact that, while our domestic political development is progressing decisively in the direction of discrediting the old elements, in foreign policy, arguments can be listed for simultaneously fostering both continuity and renewal.

The guidelines of our international activity were most recently thoroughly confirmed by the party conference. This position mainly reflected recognition of the fact that, contrary to the waves and sudden halts in our domestic development, our foreign policy has recently been some sort of a "driving force" in steadily serving Hungary's interests: It has contributed to a favorable international evaluation of Hungary, and last but not least, it has strengthened the elements of interdependence in our society, because it has succeeded in winning the support of the broad strata of our public.

Modern Internationalism

Opportunities have emerged for this role because, making use of the favorable world political atmosphere, we have recently succeeded in advancing considerably in several areas. First, we should mention the fact that we have established relations suitable to our geographical position, historical and cultural traditions, and to our foreign policy sensitivity. We have orderly relations with all the big powers, the leading states of the major areas, and—with the exception of Romania—also with our neighbors. This made our foreign policy suitable for expressing and representing our Hungarian and European character and our efforts aimed at building a socialist society.

Closely related to this is also the fact that only a policy that starts from realities can be really successful. Therefore, we have followed a rational and realistic attitude in our foreign policy practice, an attitude free of extremes. We have created a balance between national and international interests, a balance predictable for our socialist allies in the Warsaw Pact as well as for our Western partners. We have been doing this on a firm principled basis: We have focused our activity on implementing our national interests in a way that does not violate the legitimate and real interests of other countries. At the same time, this is also the criterion of a properly interpreted internationalism for us. While accepting an active role in promoting East-West dialogue, international peace and security, and cooperation in Europe, our diplomacy has been deliberately striving to develop the external conditions necessary for our domestic construction work. We have established good positions in the most important geographical areas for our country, in decisive relations, and last but not least, in international forums and organizations that play an increasing role in fostering cooperation. All this makes it possible to guarantee the fundamental international requirements for our political, economic, technical, scientific, and cultural efforts.

Our policy has become increasingly national in character in recent years. It is in this spirit that we take a stand in favor of the CEMA renewal and we have joined the GATT, the International Monetary Fund, and the World Bank, going beyond direct economic, trade, and financial considerations and showing our desire for openness. We have continued our policy of opening in order to lay the foundations of cooperation with organizations members of the Western European economic integration. By reviewing our previous concepts and recognizing the need to take moral and political responsibility, we have made it an organic part of our foreign policy to follow closely the fate of Hungarians living in the neighboring countries, and of those living abroad in general, to foster relations with them, and to make sure that they can conduct their lives in accordance with international law and the general norms of the international community.

For the Benefit of Our Reform Efforts

Now, in harmony with the efforts that show the future relations and conditions of our renewing society, it is necessary to focus our entire international activity even more firmly on promoting the goals outlined in our reform efforts by relying on the foreign policy results we have achieved so far. The processes of improving international circumstances and more democratic international relations have created favorable conditions for achieving these goals. An important development in this respect is the fact that the changes in the Soviet Union characterized by the policy of restructuring and by a new foreign policy thinking and practice provide support for our general national and foreign policy efforts. As a result of the policy of renewal, our relations of friendship and alliance—which play a decisive role in our foreign policy—are based on ever broader foundations. It is favorable for us that the Soviet Union is striving to establish a new world order based on interstate relations based on the principles of cooperation and interdependence and free of ideological prejudices and reservations, and, in this effort, the Soviet Union is counting on an independent role and the initiatives of the other socialist countries.

The opportunities for social progress under the current world economic and political situation are also closely connected with the requirements of economic and technical development. Only societies with political and social relations that encourage innovation and with economies that function efficiently can develop. This represents a fundamental challenge for the socialist countries because the danger of lagging behind the main international trends of technical and scientific development threatens them directly. This makes it inevitable for the socialist countries to open up ways for an economic development that can best use their internal resources, by reforming their political system.

The increasingly broad social debate following our party conference has made it increasingly clear that a radical reform of our political system is an indispensable condition for renewing our economy. However, political reform is not a goal in itself, and the energy released by such a reform should be urgently used for modernizing our economy. The Central Committee session of November 1988 pointed out that the implementation of our economic policy change has become the key issue of our progress in the current period. An essential characteristic of the program aimed at creating a socialist market economy which is efficient and modern in its structure is that it increasingly requires the use of foreign resources, working capital, and of high technology in our domestic construction work.

Foreign Economic Interests—Realistic Views

Our foreign policy is trying to contribute to solving our domestic tasks and implementing our economic policy program even more directly than hitherto. This can be done only in the framework of a coherent foreign policy and foreign economy strategy. We are steadily encouraging the modernization of the cooperation mechanism within CEMA. These are indispensable relations for us also in the long term because only following a thorough renewal can these relations play an advancing role in developing our economy. At the same time, in order to modernize our economy and make it more dynamic, we are expanding our relations with the most developed capitalist countries. We give particular attention to West Europe, and this is also justified by the fact that the conditions of cooperation that have developed so far with the countries in this area might change considerably following the creation of a unified EEC market planned for 1992. We will have to prevent the possible "trade diverting" effects and the effects of hindering the economic and technological cooperation between East and West, and we will have to deal with this as a particularly important task in the future. We will have to prepare for the new situation primarily by relying on our agreement signed with the EEC and on making use of the inherent opportunities, by broadening the interstate and interenterprise relations, establishing joint enterprises, signing partial agreements to foster cooperation (in standardization, research, and environmental protection), by accelerating our domestic economic and political reform process, and by improving our ability to adjust. This strategy requires a more expedient development of relations as well as a more pragmatic foreign policy and diplomatic activity in which making our partners understand and accept our economic efforts and political concepts is a steady task.

In the future, we will also have to face the possible contradiction of our foreign economic values with certain traditional, but in reality empty, political categories and with a distorted interpretation of interests. Our steps aimed at establishing relations with the State of Israel and the ROK show our intention to solve these contradictions on the basis of doing away with dogmas and on the basis of foreign political rationalism and realism.

In addition to the requirements of modernizing our economy, our foreign policy also reflects the decisive character and political essence of our domestic changes,

namely that we are striving to implement a socialist model which focuses on the fundamental values of the idea of socialism, democracy and humanism, and which is building from below both politically and economically. In this spirit, both our domestic and foreign policy will deal more than hitherto with human rights and humanitarian issues. The issue of human rights has become one of the key issues of international relations in our time because recognition of these rights presupposes relations between the state and the society as well as a domestic political and economic practice without which there are no points of contact necessary for cooperation between countries with different social systems. In Hungary's case, the deliberate acceptance of human rights and humanitarian cooperation directly fosters not only the further international legitimacy of socialism but also the implementation of our political and economic goals. As a result of this attitude, our policy of expanding our relations is complemented with the process of becoming more open, simultaneously guaranteeing further incentives for the development of democracy in Hungary. As one of the elements of strengthening the political and, subsequently, the economic confidence in our country, this also greatly improves the chances of Hungary becoming a participant with full rights in the international division of labor.

Concern for Hungarians Living Beyond Our Borders

Closely following the situation of Hungarians living in neighboring countries and concern for them are fundamental and lasting commitments of our foreign policy. We are striving to make sure that the individual and collective national minority rights are recognized and implemented in practice, as part of the emerging international cooperation on human rights. Our goal is that, on the basis of the double commitment of the national minorities, understanding, confidence, and cooperation with every neighboring nation should strengthen in this respect, too. This is what we try to foster also in the Hungarian-Romanian relations, where, as a result of a deterioration in the conditions of the Hungarian national minority in Romania, the decades of silence in this matter, and the attitude of the Romanian side that hinders finding a solution, this problem has also become a source of perceptible domestic policy tensions. We represent a realistic and responsible, but also a firm position. We will continue to consistently express our opinion concerning the conditions of the Hungarian national minorities living in Romania to both the domestic and international public opinion. We want to make use of all foreign policy means to settle this problem, including the possibility of genuine bilateral talks, but the success of these talks also require the good intentions and readiness for compromise of the other side. However, we cannot give up the support of international political publicity either, because, essentially, we are talking about more than a bilateral debate here. It was not us who "internationalized" this problem; responsible European political factors, including our socialist partners, deal with this problem as a factor that threatens international cooperation and stability. Their stand, and the reaction of international organizations, parliaments, governments, parties, and the mass media seem to be essential in order to restrain the most extreme manifestations of Romanian policy.

In this spirit of openness we foster our relations with Hungarians living abroad who are not members of a national minority, mainly the Hungarians living in the West. We do this in the spirit which regards them, along with the Hungarian national minorities living in the neighboring countries, as part of the overall Hungarian nation. Our experiences so far have also shown that these people can fulfill a connecting role between Hungary and the outside world in political, economic, scientific, and cultural areas alike. MSZMP General Secretary Karoly Grosz' visits to the United States, Canada, Austria, and France, and the dialogue conducted with the Hungarians living in these countries gave a new impetus to this role. Based on these favorable opportunities, we are striving to organically include our relations with the Hungarians living in the West into our international relations. We want to rely on the Hungarians living abroad as an important resource of our nation.

Hungary's interest requires us to concentrate our foreign policy activity both quantitatively and qualitatively on the European area where, along with economic processes that are decisive for our country, decisive political and military questions are also awaiting solution. This is all the more clear as we are bound with thousands of historical and cultural ties to Europe. Today, our continent is at an important crossroads from the viewpoint of its future: Are the two parts of Europe approaching each other, or do they continue to move apart?

A Role of European Bridge

Hungary's national interests are most directly connected with the all-European cooperation. Therefore, we have made it a long-term and general trend of our foreign policy to promote this cooperation. Resulting from our geographical position, we could play the role of a connecting bridge in the process of eliminating European division. Resulting from its position in central Europe, Hungary not only can play a role of an important connecting link in the development of East-West economic cooperation and trade, but can also give useful stimuli to the efforts aimed at reducing the conventional forces and their arms in Europe. Therefore, we welcome and appreciate Mikhail Gorbachev's speech at the United Nations General Assembly in New York, a speech that contributed to global political detente, and the announced unilateral Soviet disarmament steps that will also affect Hungary.

Relying on the international confidence manifested toward us, Hungary could continue to contribute to approaching and finding connecting points between political programs that will determine the fate of Europe,

like the program of further development of the process of European integration and the program of creating a common European home.

The pluralist development emerging in our society also throws new light on one of the extremely important relations of our international activity, namely the relations between foreign policy and national consensus. We believe that elements of our foreign policy like the policy of openness, the European direction of our efforts, Hungary's role as a connecting bridge, the focus on human rights and humanitarian cooperation, and representation of Hungarians living beyond our borders will continue to meet with the support of a majority of our society in the future. We will change the practice according to which the party and the government work out a foreign policy guideline and subsequently gain the support of the masses for this policy. In the framework of social self-organization and of the subsequent pluralism, new social organizations and associations are emerging which also carry foreign policy goals, efforts and opinions. The MSZMP which, according to its intention, wants to represent the entire Hungarian nation even more, should strive to integrate the opinions and efforts represented by the aforementioned organizations by respecting each nation's sovereignty when formulating its foreign policy guidelines and by striving to forge unity from diversity.

A Democratic Supervision of Our International Activity

Therefore, in the new situation, we can promote a new national consensus not primarily by propaganda means but by an active political dialogue and coordination of interests in shaping our foreign policy guidelines. This new form of national consensus requires that the equal partners taking part in shaping this consensus also accept full responsibility before the public by taking into consideration Hungary's fundamental interests and alliance commitments and by formulating their positions.

All this requires the establishment of a systematic dialogue between the party and the social organizations and associations in question, as well as public debate. It is desirable for this dialogue to continue on the state level, too, with proper mechanisms for such a dialogue being worked out. Recent experiences show that the National Assembly could become an extremely important forum for guaranteeing the bases of a social consensus. The National Assembly should play an increasing role not only in coordinating our national interests and in determining our foreign policy trends, but also in carrying out a democratic supervision of our international activity, as part of a general supervision of government activity.

Walesa Holds Out for TU Pluralism

AU2212161688 Paris AFP in English
1602 GMT 22 Dec 88

[Excerpt] Warsaw, Dec 22 (AFP)—Solidarity Leader Lech Walesa said Thursday his banned trade union will refuse to negotiate with the government until trade union pluralism is reestablished in Poland.

Speaking at a news conference at naval shipyards in the northern port city of Gdansk, Mr. Walesa called on the government "to apply the law of 1982" which authorizes the legal existence of more than one union.

The law, adopted by parliament after the imposition of martial law in December 1981, was suspended indefinitely.

Only when the law is implemented, Mr. Walesa said, "can there seriously be a chance of understanding" between Solidarity and the Warsaw leadership.

Mr. Walesa's remarks came after Prime Minister Mieczyslaw Rakowski said Wednesday the labour leader was still invited to participate "without condition" in the so-called round-table talks long planned between Polish officials and the opposition.

In a speech to the communist party Central Committee, the prime minister also hinted that trade union pluralism might be again legalized, saying: "The reestablishment (of trade union pluralism) must be the object of an agreement which has yet to be defined."

Commenting Thursday, Walesa said: "Mr. Rakowski's proposal is certainly a step forward, but in what direction I don't know".

He also sounded a warning about the "gravity of the situation" in Poland.

"Next April could be dangerous if no dialogue has begun between now and then. Young people are impatient for things to get better and they don't want to wait any longer," he said. [passage omitted]

Walesa Assesses Year's Events, Opportunities

LD2212174488 Gdansk Domestic Service in Polish
1600 GMT 22 Dec 88

[Excerpt] During today's meeting with Polish and foreign journalists, Lech Walesa assessed the events of the year.

[Begin recording] [Walesa] This year did not, however, fulfil the dreams formulated; although near the end of the year there have been a few things to provide greater opportunities for the coming year. So, I am quite pleased, really, with the end of the year; there are certain hopes next year, for example, more can be done.

[Question] Which event do you think is the most important in our country?

[Walesa] I have always said that a social issue of this extent cannot be tackled in one step. (?There is) a process. There was stagnation for approximately three-quarters of the year. At the end of the year there are a few things that give hope for the future. You cannot pick out one in particular, because that would downplay another issue. All of them are important, for all of them are going in some direction. I am thinking, even, of the statements at the plenum; now we are waiting for the Sejm. All these things, in spite of everything, give us hope that next year we will more seriously solve the problems. On the other hand, there was no one single great (?event), and one shouldn't measure social processes singly. [end recording]

Lech Walesa ended today's news conference on a festive note.

[Begin recording] [Walesa] I would like to convey season's greetings to everyone. I would like to wish next year to be indeed the year of the roundtable and agreement, for that is the only way to lead Poland into Europe. Any other (way) is a waste of time and a waste of our energy. [reception deteriorates to unmonitorable] [end recording]

Walesa Reaffirms Readiness To Hold Talks

LD2212211188 Warsaw PAP in English
1855 GMT 22 Dec 88

[Text] Gdansk, Dec. 22—Addressing a press conference here Thursday, Lech Walesa reaffirmed his readiness to participate in talks on the key problems of this country.

He also repeated his earlier stance concerning trade union pluralism.

Sejm Holds 2-Day Session on Economy

Report on 22 Dec Session

LD2212224088 Warsaw PAP in English
2140 GMT 22 Dec 88

[Text] Warsaw, Dec. 22—Economy has been the main topic of the two-day debates of the Sejm (Polish parliament) which started here today. It is most probably the last Sejm meeting this year. In January, parliamentary committees will work on the documents tabled by the government in the first reading. The next Sejm sitting, and its first in 1989, should be completing this important series of programmatic and legislative activities.

Today's debate was characterised by serious and perhaps not-too-joyful discussions but they pointed to a real chance of changing the existing situation. The perspectives mapped out by the government were not easily accepted by deputies, and the scope of the debate may in short be characterised by the list of issues discussed, including economic freedom, multiplicity of sectors and foreign capital, production and supplies of consumer

goods, taxes, inflation, housing, remuneration and prices, savings' interest, bonds, banking system, and a wide sphere of public matters.

Deputies, with all their critical approach and a number of concrete questions posed to the government which they want to be answered soon, expressed opinions that the government draft marked a departure from administrative methods and a break-up with limitations on economic activities.

The debate, attended by Wojciech Jaruzelski and Mieczyslaw Rakowski, was opened by the Sejm Speaker Roman Malinowski.

The floor inserted to the agenda the point pertaining to complementary election to the Council of State.

What followed was the first reading of the draft plan of national economy's consolidation for the years 1989-1990 and the resolution on changes to the annual economic plan, the first reading of the draft budgetary law and resolutions on the state's balance-sheet of people's incomes and outlays, the plan of credits and the credit policy, the plan of the central fund for the development of culture, the plan of the state labour re-deployment fund, the plan of foreign debt servicing fund, the plan of central fund for the development of science and technology, the first reading of the government's draft laws on the fund of servicing foreign debt and on the fund for the development of exports, the first reading of the government's drafts of the banking law and the law on the National Bank of Poland.

The drafts and the government's intentions were characterized by Vice-Premier Ireneusz Sekula. The speech of the president of the National Bank of Poland, Zdzislaw Pakula, followed.

During the debate, Deputy Jerzy Nawrocki (PUWP floor group) said that the planned activities demand new legal regulations and that the draft laws lodged to the Sejm create such legal foundations for the new philosophy of managing the economy.

Deputy Wladyslaw Szymanski (UPP) was of the opinion that the drama of the Polish economy stems from the fact that the Polish crisis does not have self-contained mechanisms of improvement. Without doubt one of the basic conditions for putting in motion such mechanisms is what became the government's general line.

The deputy stressed that UPP activists support a firm and offensive programme of transformations and the promotion of the philosophy that in spite of all, Poles have to agree on a transitional "worser" [as received] period in order to create ground for the permanent "better".

Addressing the chamber Deputy Alojzy Bryl said that members of the Democratic Party floor group will take an active part in further work on the drafts presented to the Sejm with the conviction that the new solutions will speed up the desired transformations of socialism in Poland. The speaker proposed the emission of bonds to curb the budgetary deficit.

Deputy Mieczyslaw Buziewicz (UPP) devoted his speech to the draft banking law stressing that the proposed regulations aroused numerous questions which justify the need for redrafting the bill.

Deputy Edward Kowalczyk (DP) said that the plan of consolidation of the economy is in reality the 3rd stage of the application of the economic reform. The common feature for previous stages was excessive belief in the automatic functioning of the economic mechanisms which did not take under consideration to a sufficient degree the human awareness.

The speaker pointed to some of the shortcomings of the government's programme of activities, which according to Kowalczyk underestimates the development of information process and techniques, does not give the final solution for the problem of subsidies and lacks methods for limiting inflation.

In the opinion of Deputy Mieczyslaw Serwinski (Independent), there is lack of explicit answer whether the priority for housing construction has found its appropriate place in the government aims.

Deputy Elzbieta Rutkowska (PUWP) said: Premier Rakowski's government gains popularity and apart from a few exceptions, presents its plans very convincingly. In the hitherto practice, a visible divergence was taking place between declarations and actual activities, between words and deeds. We would like to believe that this situation is a thing of the past, while the government will yield only to radical but reform-oriented pressure, stressed the speaker.

"I treat with respect government reformatory activities, I understand priorities but I am of the opinion that underestimation of the role of science and education in the process of reforms may turn out to be disastrous," Deputy Lidia Kozicka (UPP) said.

Deputy Sylwester Zawadzki (PUWP) placed harmony between the economic reform and the political one among indespensable determinants of the effectiveness of economic transformations. And here an essential systemic change is to work out a new model of the party's guiding role, transfer from the practice of treating the party as the super-office to viewing is as a political and ideological force.

At present one can observe ever sharper social differences, Deputy Kazimierz Paszek (PUWP) stated. Relinquishments concern only a part of the population but

they may become chronic for it. The government statement on the possibility of improvement in living conditions in two years is of basic importance for those people.

Janina Korpala (PUWP) said, i.a: "If we ponder upon causes of inflation, we can seriously doubt provisions saying that prices will move up by 20 percent in 1989. Both the budget deficit and inflation gap as well as growing debt will not allow, it seems, for the achievement of such a low index of price increases soon."

Deputy Wiktor Leyk (Christian Social Association) pointed to the growing social dissatisfaction resulting from hardships of everyday life and ensuing fading interest in work and endeavour, which go as far as reluctance and apathy.

In my opinion the presented draft amendments to the National Socio-Economic Plan (NPSG) will not much stimulate Poles to make more efforts as they are little understandable and communicative [as received]. I do not charge the government with this. I would rather say that so far goals of the NPSG have been set without taking into consideration an individual. The consolidation plan is a perspicuous [as received] document that outlines a way out from the economic trap, Leyk stated.

Sejm woman deputy Jozefa Palmowski (PUWP) expressed a view that the documents presented to Sejm deputies could hardly give an answer to a question by what means the government intended to achieve the announced rise in the production of consumer goods next year.

Sejm Deputy Tadeusz Kijonka (PUWP) said that the past few years were the struggle of the post-Stalinist concept using a complex administrative apparatus, including a particularly recalcitrant and selfish apparatus of the economic administration, with a concept of a self-governed and democratic state and society putting the openness of political life and supreme social goals first. This struggle has been going on and will go on still for a long time to come.

In the opinion of Deputy Alfred Wawrzyniak (Pax Catholic Association) there is lack of concordance between the envisaged systemic changes and the real economic policy, including the government finance practice in the coming year.

We are to adopt new laws to stimulate economic initiatives but the state budget, the main economic tool, seems not to notice this and remains entangled in old schemes. The arresting of price rises by administrative methods and the constant increasing of the scale of budgetary subsidies appear again to be the only solution to the problem of inflation.

Sejm Deputy Wlodzimierz Koczur (PUWP) discussed several problems critically analyzed by the trade union movement.

The speaker decided that to avoid unnecessary disputes, the government and the trade unions stands on questions of basic importance for employees and pensioners and for the economy should be contained in a new social agreement between the government and the All-Poland alliance of Trade Unions for the period of consolidation of the economy.

Sejm Deputy Stafan Biskupski (UPP) pointed to the excessively expanded bureaucracy. Prate [as received], widespread over the past few years, is a peculiar kind of bureaucracy. Democracy need not at all be manifested by an ever greater number of people sitting at conferences, meetings and training sessions, which are, after all, a considerable burden to the state budget.

Sejm Deputy Krzysztof Stempien (UPP) said that the fulfilment of tasks envisaged by the consolidation plan was impossible pursuing the present cadre policy.

A joint cadre policy is possible if the coalition of the PUWP and the United Peasant and the Democratic Parties is genuine and if it functions on all levels.

Sejm Deputy Mieczyslaw Fracki (PUWP) said that doubts emerged whether in case of such a disordered and unbalanced market increasing the freedom of economic activity did not step up profiteering processes instead of the expected rise in production.

Government members and the president of the National Bank of Poland (NBP) took stances on some issues touched upon in the discussion. The latter, Zdzislaw Pakula, agreed with a statement that credits were too few in relation to suggested needs. However, the total value of credits granted by the bank cannot exceed its total revenues. Next year access to credits will probably be relatively easier.

It is necessary to seek a considerable decrease in the budget deficit, Pakula said. This deficit is mainly covered by bank credits. It is also possible for the state treasury to issue bonds or treasury bills.

The NBP president voiced the conviction that the existing differences between the NBP stand and opinions of some deputies on detailed solutions proposed by the draft banking law and by the bill on the NBP would be removed by working Sejm committees. The essential rule must be a full guarantee of satisfying the interests of bank's customers.

In turn Finance Minister Andrzej Wroblewski stressed that the striving for protection of the population's real incomes was consciously included in the policy to be pursued in 1989. Consequently, it is necessary to reduce spending on the remaining spheres of state activity, especially collective comsumption and investment projects.

Vice-Premier Ireneusz Sekula briefed deputies on the work aimed at further reorganizing the system of social insurances. He underlined that the government was ready to start talks on the issue and that there were no obstacles in this respect. Even talks are underway which deal with some fragmentary issues.

It is a pity that both trade unions and farmers circles avoided participating with full rights in work of the Price-Income Commission, booking only seats of observers. The activity of this commission could result in settlements in the interest of entire society, following the principle of consensus, Sekula stated.

Today's Sejm meeting ended in filing government drafts with Sejm committees. In connection with the fact that next year's state budget and related financial plans are not going to be adopted before the new year, it has been decided that, following the budget law, the draft presented to the Sejm will constitute the basis for the state budget economy until the budget bill for 1989 is adopted.

The parliament will resume debates at 9.00 hrs a.m. tomorrow. The chamber will examine reports of Sejm committees on draft laws on undertaking economic activity and on economic activity with the participation of foreign subjects. Also expected is the additional selection of candidates to the Council of State.

Ireneusz Sekula Speech

LD2212115288 Warsaw Domestic Service in Polish 0810 GMT 22 Dec 88

[Speech by Ireneusz Sekula, deputy chairman of the Council of Ministers, to the Sejm—live]

[Text] Citizen speaker, may it please the House, every year the government presents the economic program to parliament asking for approval and for permission to implement it. The Council of Ministers, on whose behalf I have the honor to be speaking, is fulfilling this function 2 months after gaining the confidence of the House.

Making up for lost time and racing against the clock, we have worked out the direction of economic policy for the 1989-1990 period. Obviously, in 2 months it was not possible to change the state of our economy, and everyone can see what the situation is. We know how much discontentment and bitterness it is causing and we share all of society's worries. We are not losing our grip on reality and we are urgently listening to every signal about the growing difficulties of everyday living. We do not agree with them, we do not agree to adapting to living in crisis, to considering what is abnormal as normal.

The government of Premier Rakowski is resolutely in favor of introducing radical reforms and rejects the policy of half measures and compromises with the past, with old systems and structures. We have embarked on the pioneering path of creating the new economic order as the foundation of socialism, built by people for the people, the system which is effective and democratic.

We are travelling down this road with a feeling of responsibility, but without trepidation. We are travelling with all those countrymen who want to live differently, who believe that things can and must be better in Poland. I take advantage of this opportunity to thank them for numerous proofs of support for our activities. Citizen deputies, the day after tomorrow, at the Christmas Eve supper table, Poles' evening discussion will be in progress. In millions of Polish homes there will be questions: What's new, how's life? What are the prospects for tomorrow? Are things getting worse, or are they starting to get better?

Complaints, however justified they might be, lead nowhere. Those societies which gave gone forward have believed in themselves and in their possibilities. We desire that the hope awoken by the activities undertaken by the government over the last few weeks will allow Polish families to light the symbolic flame of optimism on their Christmas trees. I desire to express the conviction that the intentions presented today to the esteemed House will show opportunities and the road to improving our situation in the coming years.

I must commence, however, by indicating the most important conditions and dilemmas of economic policy. It has come down to our carrying out reforms in a situation of deep disequilibrium. Unbalanced demand, the inflationary gap, hot money, the difficulties of everyday life cause ever greater tiredness within society and deepen frustration. Disequilibrium is not just empty shelves in the shops. It also constitutes paying some workers just for their employment, sometimes because of insufficient quantities of raw materials, sometimes because of poor work organization, sometimes low productivity, laziness, and waste. Disequilibrium also undermines the sense of real wages, which only maintain their economic value when the necessary goods can be obtained for it.

Inflation is an especially troublesome plague. The steep rise in prices causes a flight from money, does not encourage savings, encourages the accumulation of excessive stocks, generates wage compensation claims, and dismantles the economic management system.

We are being choked by foreign debt. The interest itself for the coming year will excede $3 billion. At the same time the foreign trade surplus will amount to about $1 billion. As a result the unpaid interest will increase our indebtness.

Another danger is created by the large deficit in the state budget. This year there will be a shortfall of 3 percent of budget income in order to cover all its expenditure. Next year, this shortfall will amount to almost 6 percent. The

government also sees danger of another kind: the growing impatience of society with the results achieved so far in reforming the economy. We cannot afford another debate of many months duration, nor deliberations, trials, and consultations. The society's patience is running out.

What can be done, therefore, and which path should be chosen? The Polish economy is a mixture of contradictions. We map out a narrow path defining the scope of activity. It is relatively safe if we move along it quickly and decisively, without stumbling, without hesitation and unnecessary stoppages. We chose it after struggling with many dilemmas. How to reconcile cutting the rate of inflation with restoring economic equilibrium, in particular market equilibrium. How to reconcile the fiscal priorities of housing construction, food economy, and environmental protection with cuts in budget subsidies. How to reconcile the principle of having realistic interest rates for savings and credits while controlling inflation. How to reconcile the idea of entrepreneurship while limiting the speculative capital of social pathology. How to reconcile scaling down taxes with increasing budgetary burdens, in particular those connected with the foreign debt. How to reconcile the lasting development of exports with an improvement on the domestic market. How to reconcile maintaining a realistic level of incomes with the demand for efficiency and for linking wage levels with the true results of work. How to reconcile the abolition of coupons and allocations with assurances that less well paid groups retain access to hitherto rationed goods.

Such dilemmas can be multiplied. They demonstrate the exceptionally difficult, dramatic situation in which the newly appointed Council of Ministers has to act. What can we choose? We can continue, in an improved form, the hitherto careful, and therefore passive, economic policy.

We can continue the timid path, full of slow-downs and inconsistencies, in the new system of economic functioning. We can improve the severity of the conflicts between the reform and the hundreds of individual and collective mitigations, exceptions, and preferences. We know the results of such a choice. Wishing to satisfy everyone, we satisfy no one. The unavoidable result of such behavior would be stagnation, remaining in the rear, behind developing Europe.

We can also pursue an active policy, apply dynamic, non-typical methods of activity, not retreat before difficulties but face them. Of course, such a choice is risky. It is impossible to avoid a clash of interests, friction, and conflicts. But no development, especially a quick one, takes place without contradictions. Today it is insufficient to make a choice. We cannot rest merely on the formulation of a correct economic strategy. We must also clearly indicate effective means of implementing them. Moreover, we must close all possibilities of getting around the set rules of the game, make it impossible for enterprises and professional groups, large producers and monopolists, to prosper alongside the reform, to mouth its slogans but act against its principles.

The essence of the economic strategy declared by us is the strengthening of market mechanisms. This is the only correct and tested road of economic development—difficult and risky. It guarantees, however, the lasting reconstruction of the economy, assures the irreversibility of reforms. The main means of implementation of this strategy are, firstly, widening the range of regulation by the market with the simultaneous limitation of the scope for administrative-bureaucratic decision-making. Secondly, abandoning ration cards, allocations, and coupons and reconstructing the market of supply and demand and also creating a capital market, a hard currency market, and also a labor market. Thirdly, forsaking rationing of activity, the division of sectors into better and worse; introducing equality among all firms and guaranteeing their natural right to participate in the country's economic life. Fourthly, an orientation toward the creation and multiplication of achievements and not, as hitherto, the division of deficits.

The consistent application of these principles will lead to changes in the model of management. It will specify the role of the state in relation to enterprises and other economic agencies differently than before. The picture of an omnipresent state, intervening directly in the course of economic processes, giving and taking away, ordering and forbidding, will once and for all depart for the garbage heap of history. It will be substituted by the vision of a state creating conditions for management, for moderating disputes, for seeing to it that the jointly decided regulations be respected by everyone. By not restricting freedom, initiative, and enterprise one can liberate the great potential of intelligence, knowledge, and boldness in Polish society. Such is the road we wish to select.

Citizen deputies, the government is today submitting to the esteemed Sejm the basic legal acts specifying the strategy of action, its aims and priorities for the coming 2 years. The fundamental presentation is the plan to consolidate the national economy. The economic program accepted therein seeks to give form to the aims presented in the October expose by the chairman of the Council of Ministers. The theses contained in the plan guidelines approved by the PZPR Central Committee Politburo were developed. I cannot ignore that Central Committee Secretary Professor Wladyslaw Baka presented them at the eighth plenum. The standpoint of the United Peasants Party and the Democratic Party was also taken into account. We also took advantage of the resolutions and suggestions formulated by academic and professional milieus, associations, and the press. We took advantage of the results of numerous discussions at which various schools of thought and convictions were presented.

All of this does not release the government of responsibilty for the presented draft. We could, after all, have accepted only those resolutions, remarks, and suggestions that were in accord with the chosen conception and created an opportunity for its fast and effective implementation. Together with the draft consolidation plan, the government is introducing a package of a dozen or so drafts of laws. Some of those are documents of a routine nature whose presentation the Council of Ministers is obliged to effect toward the end of each year. These are the Central Annual Plan for 1989 which, in accordance with the revised Law on Socioeconomic Planning, has the character of a financial and substantive plan. There are also the draft budget for next year, Sejm draft resolutions on the national balance of payments, the population's income and expenditure ratio, the central fund for the development of culture, the fund for servicing the foreign debt, the central fund for the development of science and technology, as well as the fund for professional activization. At the same time the government is submitting the draft resolution on the amendment of the National Socioeconomic Plan for the years 1986-1990 in order to adapt it to the draft of the national economic consolidation plan. A draft of the credit plan and assumptions for monetary and credit policy for 1989 are also submitted.

Besides the planning documents we are also submitting bills relating to the legal and economic conditions for the functioning of the economy and to the economic agents functioning in it. These include draft laws on the creation of the Central Planning Office, on the export development fund, on the financial management of state enterprises, on the levying of income tax on legal persons, on the National Bank of Poland, on banking law, on foreign currency law, and on particular instruments for national economic consolidation. The preparation of such a large package of new regulations became necessary to exceed the critical mass of the present phase of the reforming process. What is involved is the creation of conditions enabling the practical, everyday application of new laws relating to the system, to undertaking economic activity, to economic activity with the participation of foreign subjects.

If the new laws are to meet expectations, there must be changes in various regulations which are not in keeping with them, otherwise these fundamental laws will become bogged down in the net of old norms of law.

I request the citizen deputies' help in creating the final form of these documents. After being adopted by the esteemed House they will become the legal foundations of freedom, equality, and competitiveness in the economy. They will guarantee them. Freedom means giving everyone the opportunity to undertake economic activity without permissions, without official interference, only on the basis of registration. Equality means identical rights and duties for all economic agents; identical principles for undertaking and conducting activity; identical public and legal commitments; identical principles for taxation; identical access to the means of production; participation in foreign currency turnover, and access to credit. Competitiveness means such rules of the economic game which will enable those who are better, more effective, and more reliable to win. These new laws should create conditions for genuine economic freedom, but also for responsiblity, for counting, above all, on oneself.

The principles of freedom, equality, and competitiveness create a framework for the market mechanism. Its performance will enable the reconstruction of the supply and demand markets, the creation of capital, of currency markets as well as of a genuine job market. The creation of the currency market will take place on the basis of the new foreign currency law. The currently binding law derives from the fifties. It is built on prohibition and limitations. In their place the new act will introduce a general principle of freedom for foreign currency trading. Trading in foreign currency—not for profit—between private people will also be permitted. The current ban is being universally violated.

The opening of the currency exchange counters, both private and state run, as envisaged in the draft law, should return the feeling of legality and security. Foreign currency tenders [przetargi] will be introduced for economic units. We hope they will make it easier to include currency trade in the market mechanisms. At the moment, the real means of payment in the trade between enterprises is the zloty and the currency equivalent of the so-called foreign currency element [wsad dewizowy]. The introduction of the official ban on any other means of payment except the zloty in the present economic system will lose effect.

Hence, the concept of tenders, where one can buy and sell currency for zlotys. Hence, too, the concept of making it possible for exporting enterprises, which have at their disposal foreign currency accounts, to sell foreign currency at tender prices of zlotys. Imports, which so far have been centrally financed, will be limited to purchasing strategic raw materials: cereals, oil, etc. The government will also maintain, to safeguard this innovative undertaking, a certain foreign currency reserve for intervention purposes. The capital market will encourage the free flow of finance and material means between economic subjects of different ownership.

Of particular significance to making this market more active is the reconstruction of the capital structure of state enterprises. The private sector does not decide, and will not decide, the level of the Polish economy. Of course, we want to create a chance for increased competition, for better and more flexible satisfaction of the variable and scattered needs. The private sector ought to dominate in the spheres where state ownership has little chance of success, for instance in some services. However, if the reform is to bring visible success, it must include the state sector. It cannot continue to be

restricted by numerous and detailed regulations which make it impossible for it to compete effectively against companies and private capital.

The law on bonds is beginning to function. The crowning of the work on creating a capital market will be the law on shares, currently being prepared. The development of market relations must be accompanied by the development of the labor market. This demands the creation of competition, where workers will gravitate to the enterprises that are developing most efficiently and pay higher wages. This increase of labor mobility and the rationalization of the exploitation of labor resources signify the equalization of all national economic sectors in the exploitation of labor resources and the perfection of mediation methods and the system of professional orientation and advice. It also signifies the need to change the labor code. Currently, the Sejm is working on its revision, which is in degree indispensible to the necessary adaption of the economic reform regulations and the new trade union competences. The draft presented, an introduction to the complete reconstruction of the labor law system, will insure enterprises a greater freedom to make decisions on labor matters and will grant the parties to the labor contract wider possibilities to shape its content. We are assuming an increase of resources for the national vocational mobilization and retraining fund that will provide social security for those who lost work in inefficient enterprises and will retrain those who must change their profession. The particular degree of protection of those laid off is currently being discussed with the trade unions. The point is for such solutions not to impede the motivation to work, but to help those who have no alternative.

May it please the House, a healthy currency decides the functioning of the market mechanism. The Polish currency is ill. The lack of faith in the zloty and the escape there from bears witness to this in the growth in the black market rate of the dollar. The fundamental monetary functions in a normal economy have been violated. Unfortunately, the program to strengthen the currency was not implemented. The government is making this an important part of its economic strategy. We will seek a situation in which the currency will be easy to spend, but on the other hand will be very difficult to attain. This situation will be fundamentally different from the present one in which, relative to economic results, we have an excess of currency. The excess of demand over supply, which causes an imbalance in most of the market, bears witness to this.

From next year the monetary and credits policy will aim at limiting the emission of money. In accordance with the draft credit plan, the growth of the supply of money should be lower than the growth of the national income, calculated at current prices. One way of limiting the excessive issuing of money will be to make granting of credits more difficult. Those who are incapable of paying back must not rely on credit. On the other hand, in order to encourage savings and the rational use of money, the banks will offer interest on set-period deposits, which will not be less than the growth of prices. This will be in accordance with the principle of making the interest rate for savings deposits and credits more realistic. It is not difficult to envisage the reaction to such a state fiscal policy.

For quite some time we have been told that the banks, by limiting credits, are slowing down economic activity. The government is of the opinion that the banks are acting correctly. As a society we are not in favor of any form of economic activity, if, in particular, it is only possible thanks to the assistance granted in the shape of subsidies or easy credit. What must be decided are the hard rules of cost accounting. The long-term goal of these intentions is to first achieve the internal, and in the more distant future, full convertibility of the zloty.

The cause to strengthen money will also be served by the proposed reconstruction of the tax system. The main directions of change are: Equal taxation for all sectors, lowering tax rates, and broadening the possibility of financing expenditure for priority goals from the profit by taxation. At the same time it is proposed to abolish the payments made by enterprises toward servicing the foreign debt fund, and to abolish tax on high wages.

Profits and prices are expressed in money. By conducting the prices and incomes policy the government will aim at combating inflation in accordance with the universal wishes of the public, which is tired of its constant growth; at balancing various segments of the economy, which is the precondition for popularization of the market mechanisms; at the movement of resources and the elimination of ineffective procedures for their bureaucratic distribution; and at maintaining a realistic level of incomes. The prices growth index, assumed for next year not to exceed 20 percent, is an attempt to find the solution which best takes all these goals into consideration.

Fuel and energy price increases will be relatively greater, and will encourage savings, with a simultaneous abolition of rationing the sale of coal and gasoline. Successively, equilibrium prices will be introduced for higher quality, luxury goods. The growth of prices in 1989 will be significantly lower than in the current year [as heard]. Together with decisions relating to more favorable interest rates on savings, and above all in association with the significant growth of supply, this should contribute to the stabilization of the market, its cooling down, and a decrease of pressure on shops, thus counteracting the loss of money that is losing its value. However, the assumed relatively low growth of prices does not allow for the limitation of subsidies for the production of services, and negatively influences the overall outcome of the state budget.

The struggle against inflation is not just the consistent implementation of the prices policy outlined by the government. Its obverse is also the consistent implementation of the incomes policy. From the New Year, the

lowest remuneration will be increased. The further growth of remuneration of particular workers in the sphere of material production will then be dependent on the financial situation of enterprises and their independent decisions. The government, through its economic policy, will gradually force enterprises to respect the basic principle of wages policy: Wages according to the quality of work. The principles of determination of resources for remuneration will be stated. We are attempting to determine a universal indicator of acceptable growth of resources for remuneration that has a bearing on costs. A remuneration quota exceeding the indicator will result in an increase in the calculation basis for tax on receipts. The proposed solution is characterized by simplicity, and over and above this it will limit the influence of wages counted as part of costs, which in turn are influencing the growth of prices. It will also allow units attaining good economic results to increase wages to a greater-than-average degree. However, until a universal tax on personal incomes is introduced, under conditions of economic disequilibrium, it will not be possible to fully depart from the application of solutions slowing down the unjustified growth of incomes. Much justified dissatisfaction is awakened by the principles of remuneration, mainly the level of wages of those employed in the budgetary sphere. The attempts at improvement of workers' wages employed in this sphere, relative to those employed in the material economy, have not brought the expected results.

In 1988 a further deterioration of this relationship has occurred. The government will counteract the relative impoverishment of employees paid from the budget, above all of the national elites: the employees of science and culture, doctors, and teachers. The budget cannot afford to instantly solve the disproportions that have accumulated over the years. However, next year there will be a noticeable improvement in the pay situation in education, culture, health care, and in the other sector in this sphere, thanks to the new system of calculating pay.

Concern for the living conditions of pensioners is our moral duty. Pensions and annuities will grow to a degree not lesser than this [as heard]. The social insurance system for individual farmers will be favorably modified. The welfare benefits for members of families looking after children demanding constant care will also be extended. The family benefits system, which has been universally criticized, will be corrected.

May it please the House, I have explained the essence of the draft plans that are being proposed. On behalf of the Council of Ministers and its chairman, I kindly request citizen deputies to decide favorably on them.

May it please the House, we are trying to equip enterprises with real independence. We are trying to introduce self-regulating economic mechanisms. However, these days this is not sufficient. All the governments in the world interfere in the economic sphere. The Polish Government cannot give up the use of intervention either. It cannot give up an active economic policy for the simple reason that we have to smooth out the effects of the imbalance. First and above all, however, we have to stimulate and aid structural transformation. The transfer of human, material, and capital resources to enterprises and spheres that can use them in a rational manner will serve this purpose.

We will not in economically justified cases back away from decisions to liquidate enterprises. We are aware of the painful nature of such decisions. We are undertaking measures to ease their effects on employees. However, we start with the premise that employee protection cannot be understood as protection of inefficient economic units.

The process of dissolving and founding enterprises is a normal phenomenon in all modern economies. Hundreds and thousands of enterprises go bust and at the same time hundreds and thousands of enterprises are founded. The good and best enterprises prosper and develop.

Changes in the investment structure, based on limiting capital intensive investment projects with long implementation cycles, will also be an important element of the structural changes policy. Measures aimed at reducing the nations expenditure on energy and material resources and at strengthening the promotional action of economic mechanisms and the implementation of technological progress, will be especially significant.

Let us say this openly: Changes in the economic structure implemented with the help of administrative decisions, such as liquidation of enterprises, bans on the use of certain technologies, or the production of certain goods are, although indispensable today, of only a short-term nature. They only allow us to keep the vital points of balance under control. To maintain the balance, more fundamental measures, touching the essence of the balance of relations in the manufacturing process and creating mechanisms that work independently, are indispensable.

Other government interventions will break up the monopolies. We began this process with a well-known decision about demonopolizing the purchasing of and trade in agricultural produce. The law on special instruments for consolidating the economy will define the assumptions for eliminating indirect links and structures, and the principle of financing the cost of keeping the intermediate units purely from their profits, will ensure healthy economic foundations for them. I wish to give assurance to the House that the instruments of the

direct influence on the economy will be used by the government to support the system changes. The current economic policy will not, therefore, as happened in the past, contradict the reform.

Citizen speaker, may it please the House, the introduction of the new economic doctrine and the state economic policy resulting from it will have various consequences, both economic and sociopolitical. We have to tell ourselves clearly that apart from the effects which are desired and expected by everyone, there will be side effects, often unpleasant for many groups of society, but which nevertheless are unavoidable in the present situation of the economy and the state. Introduction into the economy, at a scale wider than hitherto, of the market mechanisms, will mostly affect those who used for their own profit the weaknesses of the present system of the economy's functioning. Those who profited from the rationing, various privileges, or sets of circumstances will find themselves in a worse situation than now. The enterprises which so far functioned thanks to subsidies will also find themselves in a new and complicated situation. Deprived of this source of assistance they will fall prey to the acute mechanism of selection. The observance of the priorities resulting from the consolidation plan will have visible consequences, both for economic units and for people's councils. It will be essential to sometimes carry out drastic cuts in investment in order to adapt the scale of the plans to the range of available means.

Because of this, we are taking into consideration that moods of dissatisfaction and frustration will arise, that there will be protests and pressures. But the need to think in categories of the state, and not just groups or regions, imposes a duty on us not to yield to any individual pressures. The sluggishness of old habits must be ended but overcoming it will lead in many milieus to friction and collisions. Sporadic conflicts between managements and trade union organizations can appear. One cannot exclude the probability that arguments will arise against this background between the state and economic administration on the one hand, and various levels of the trade union movement on the other. We understand that it is the foremost duty of the trade unions to defend the workers' interests. We respect this principle. But the government must take care of the effectiveness of the functioning of the economy and the state.

For, without this, the material interests of working people cannot be satisfied. Conscious of this most important obligation the government will not retreat from a thorough implementation of reform-oriented activities, even if this should meet up with opposition from certain groups and milieus. We can no longer be subjected to demands that are not justified by improved efficiency. In this sphere we count on the understanding of the union movement.

The various tensions, troubles, and inadequacies are a natural manifestation of deep transformations in the economy. They are part of the social cost of their implementation. We must undertake this risk, otherwise we will have to deal with simply unimaginable costs. There is no greater threat to the economy and to the whole of society than a lack of horizons. It happened in the past, and it still happens today, that various fears are associated with broadening the sphere of the market mechanism's functioning in the economy. There is talk about great earnings differentials, and more widely of social differences, of threats to the weak, of uncertainty about tomorrow. It is natural that new things fill us with some unease. But should not what is old fill us with greater fear? This situation already known to us, in which attempts were made to equalize downwards, is the worst. The duty of the socialist state is to ensure that people have equal chances at the outset. Further possibilities should then depend on their individual attainments. Only thus can justice be understood. Can it be sought in allocations, in allocation cards, coupons, and ration cards, in rationing mechanisms? If we justly divided anything this way, then it was probably only our poverty.

We are speaking today of brighter perspectives for tomorrow. Let them open up before those who work well. A threatened feeling, however, and uncertainty should become the lot of the lazy, the wasteful, the inertia-bound, the incompetent, or else those seeking to live at the expense of others. For those who are active, hard-working, and full of energy and initiative, we are creating an opportunity for full and multifaceted development. However, the state will assist all those who have been touched by bad fortune.

May it please the House, what are the chances of implementing these intentions? After all, good intentions, plans, and programs will not suffice. It is time to start on their implementation. For the start to be successful it is necessary to break off the process of destruction of particular segments of the market that is now growing from day to day. It is necessary to start slowing inflation. It is necessary to do everything to revitalize the economy, stimulate production, supply, export and savings.

Citizen speaker, in association with the transmission of today's deliberations in the esteemed House, allow me to take advantage of the occasion that many countrymen are listening to my words. Let us tear ourselves away from that which is our own, but small. Let us think about that which is mutual and great. Let us stop the prices and wages spiral. Let us put up a dam against laziness and waste. Let us break with bureaucracy. Let us suspend disputes and claims. Today they cannot be satisfied. When the whole structure of the national economy is threatened it is not permitted to concern oneself just with the rescue of its particular parts or fittings, or, even worse, dispute over what falls to whom. The main

structure of the economy today demands support, support from everyone and for everyone. In this activity, we will not scorn any sincere advice, we will not push away the hand of anyone stretched out in joint construction. And let no one interfere.

Citizen speaker, may it please the House. The year 1988 is ending—a year of concerns, troubles, doubts, and uncertainty.

Debate on Economy Resumed

LD2312095588 Warsaw PAP in English 0846 GMT 23 Dec 88

[Text] Warsaw, Dec 23—The Sejm has resumed debates today. The agenda covers committee reports on draft laws on starting economic activity and on economic activity with foreign subjects as well as on a change of the commercial code.

The other points of the agenda include the first reading of a draft law on handicraft and a committee report on draft laws on setting up the Central Planning Office and amending the law on research-developmental units. The last point envisages elections to complement the Council of State.

Messner Elected to State Council

LD2312132888 Warsaw Domestic Service in Polish 1300 GMT 23 Dec 88

[Text] Good afternoon, ladies and gentlemen. The last 2 hours at the Sejm abounded in events because much has happened and the things that have taken place here are matters of great importance for our econoomy, for the economic reform and, as a result, for all of us, of course.

The Sejm has passed the acts on economic activity, on economic activity with the participation of foreigners, and on amendments to the commercial code. The Sejm also passed an act on the Central Planning Office. The Sejm examined and adopted amendments to the act on research and development units.

The chamber also elected Zbigniew Messner a member of the State Council. That was the final agenda item on the Sejm's last sitting.

At the moment the house proceedings are being concluded by Sejm Speaker Roman Malinowski. That's all for this report.

Dizdarevic Leads SFRY Delegation to Bucharest

LD2212142588 Belgrade TANJUG Domestic Serice in Serbo-Croatian 1117 GMT 22 Dec 88

[Text] Bucharest, 22 Dec (TANJUG)—Raif Dizdarevic, president of the SFRY Presidency, arrived in Bucharest today on a 2-day visit to the SR of Romania.

At Otopeni Airport, near Bucharest, the Yugoslav delegation, which also included Budimir Loncar, federal secretary for foreign affairs, and Nenad Krekic, federal secretary for foreign economic relations, was welcomed by Nicolae Ceausescu [words indistinct] and other top party and state officials of Romania. President Dizdarevic and other members of the delegation were also greeted by the Yugoslav ambassador to Bucharest, Boro Denkov, and our business representatives in the Romanian capital.

Along the road from the airport to the official residency the motorcade was warmly welcomed by citizens of Bucharest, who lined the city's streets, which were flying Romanian and Yugoslav flags.

Further on Delegation's Arrival

AU2212162388 Bucharest AGERPRES in English 1614 GMT 22 Dec 88

[Text] Bucharest AGERPRES, 22/12/1988—Raif Dizdarevic, president of the Socialist Federal Republic of Yugoslavia, arrived in Bucharest Thursday, 22 December, for an official visit of friendship to Romania upon the invitation of RCP General Secretary, President of Romania Nicolae Ceausescu.

The distinguished guest's arrival ceremony took place at the festively adorned Otopeni Airport.

When getting off the plane President Raif Dizdarevic was welcomed with special warmth by President Nicolae Ceausescu. The two presidents warmly shook hands.

The guest was welcomed by full and alternate members of the Executive Political Committee of the CC of the RCP, secretaries of the party Central Committee, members of the State Council and the Government, other officials.

The two presidents reviewed the guard of honour.

SFRY President Raif Dizdarevic greeted the Romanian officials attending the arrival ceremony.

After the ceremony Nicolae Ceausescu and Raif Dizdarevic made for the residence reserved for the distinguished guest.

At the residence the two presidents conversed in an atmosphere of cordiality and warm friendship.

The new Romanian-Yugoslav summit goes down in the rich chronicle of the traditional meetings between the party and state leaders of the two countries which have each time contributed to developing ties of friendship and collaboration between the parties and peoples of the two countries, in the mutual interest, in the interests of socialism, peace and security, of detente and understanding worldwide.

Ceausescu, Dizdarevic Start Talks

AU2212195788 Bucharest AGERPRES in English 1943 GMT 22 Dec 88

["Romanian-Yugoslav Summit Talks"—AGERPRES headline]

[Text] Bucharest AGERPRES, 22/12/1988—Official talks started in Bucharest on 22 December between the general secretary of the Romanian Communist Party, President of the Socialist Republic of Romania Nicolae Ceausescu and Raif Dizdarevic, president of the Socialist Federal Republic of Yugoslavia.

The talks are attended:

for Romania by—Ioan Totu, minister of foreign affairs, Ioan Ungur, minister of foreign trade and international economic cooperation, co-chairman of the Joint Governmental Commission of Economic Cooperation.

for Yugoslavia by—Budimir Loncar, federal secretary for foreign affairs, Nenad Krekic, federal secretary for foreign economic relations, co-chairman of the Joint Governmental Commission of Economic Cooperation.

President Nicolae Ceausescu welcomed the official friendly visit President Raif Dizdarevic is paying to Romania and expressed satisfaction at continuing the traditional Romanian-Yugoslav summit dialogue, a factor of highest significance for the strengthening of the bonds of friendship and cooperation between the two countries and peoples.

In his turn, President Raif Dizdarevic thanked for the invitation to visit Romania, for the hospitality extended to him and expressed satisfaction at meeting President Nicolae Ceausescu and analysing together ways and possibilities of further developing the fine Romanian-Yugoslav ties.

During the first round of talks opinions were exchanged on the development of bilateral relations on multiple planes. In that context, stress was laid on the positive course of the Romanian-Yugoslav links, and it was assessed that the growing economic potential of Romania and Yugoslavia provided broad possibilities to expand cooperation in production and production specialization, cooperation in the technical, scientific, cultural and other domains, just as to increase and diversify trade.

In that respect, Nicolae Ceausescu and Raif Dizdarevic decided that the members of the Joint Romanian-Yugoslav Governmental Commission of Economic Cooperation examine tangible modalities of more powerfully developing economic cooperation, in the spirit of the orientations and understandings covenanted at top level, in the interest of the peoples of the two countries, of the cause of progress and peace world-wide.

Talks on Minorities, Economy

LD2212221788 Belgrade TANJUG Domestic Service in Serbo-Croatian 2023 GMT 22 Dec 88

[Excerpts] Bucharest, 22 Dec (Tanjug)—Official Yugoslav-Romanian talks at the highest level, which opened in Bucharest this afternoon, show that there is both a need and a possibility for the promotion of relations between the two neighbors on the basis established by Comrades Tito and other Yugoslav party and state leaders and Romanian President Nicolae Ceausescu.

The Yugoslav delegation, comprised of—apart from the SFRY Presidency President Raif Dizdarevic—Budimir Loncar, federal secretary for foreign affairs, and Nenad Krekic, federal secretary for foreign trade, put forth a number of initiatives for the promotion of economic cooperation and the protection of environment. Special attention during the talks was devoted to the status of the Serbian and Croat minorities in Romania and the status of the Romanian nationality in Yugoslavia.

Both sides agreed that economic cooperation has been stagnating for years and that it was lagging behind their possibilities and needs. One should be realistic when planning economic relations, they stressed, and also strive toward their expansion as much as possible, especially on a long-term basis.

Raif Dizdarevic drew special attention to the need for a greater protection of enviroment to which Romanian Ceausescu positively replied and stressed that Romania also devoted a great deal of attention to these matters. The Romanian side promised to take all necessary measures to reduce the degree of pollution in those industrial zones which are in the immediate vicinity of the border and in shared waterways and which could create trouble for Yugoslav residents.

Special emphasis during the talks was placed on the question of the status of the Serbian and Croat minorities in Romania and the Romanian one in Yugoslavia. President Dizdarevic said that Yugoslavia, as multinational country, was very sensitive to the questions of free development of every nation and stressed that the Yugoslav side thought it an important issue in mutual relations.

In this connection, Romanian President Ceausescu dwelt in detail on the principles of the Romanian Constitution and said that—in his opinion—the questions such as the position of minorities should not effect the development of overall relations between neighbors. He added that this was above all a matter of the internal policy of every country and that the position of minorities depended on the material and intellectual development of the country in which they live.

Because of the interest expressed by the Yugoslav delegation, the Romanian president also spoke about the program of the modernization of villages and stressed that this was Romania's need to overcome the differences between towns and villages.

Special attention this evening was devoted to cooperation in the sphere of culture and information and it was proposed to exert efforts for a better mutual information.

Immediately after the talks a formal dinner was given at which the two presidents exchanged toasts.

[Passage omitted] Raif Dizdarevic, president of the SFRY Presidency, talked in his toast about the hithero mutually advantageous cooperation between Yugoslavia and Romania, stating that this visit, too, will contribute to the favorable development of our cooperation in all areas.

Yugoslavia as the multinational community, the president of the SFRY Presidency stressed, is based on equality of nations and nationalities. This is one of our fundamental principles which springs from our socialist convictions. Major changes which characterize the contemporary development of civilization and the ever increasing significance of rights of men and nations, confirm the importance of our basic orientation that each national minority has the inalienable right to unhindered development, preservation of identity, language and cultural heritage. By viewing national minorities in such a light—the Romanian nationality in Yugoslavia, and the Serbian and Croatian ones in Romania—we demonstrate that they, as a living connection between our two countries, can be a ever more important factor in establishing mutual trust, good neighborly relations, friendship, and cooperation, which is undoubtedly in our joint interest.

I am talking about all this, Dizdarevic stressed, with a deep conviction that overall Yugoslav-Romanian relations, the overall communication between our people and our cooperation have much broader significance. This is our contribution to peace, cooperation, progress in the region in which we live and in the world as a whole.

Dizdarevic also discussed changes in the Balkans and stressed that the time of conflicts belonged to the past. Instructed by the lessons of history and prepared to rise above burdens of the past, all countries and nations in the Balkans can turn only to the future, Dizdarevic said, and he went on to stress that Yugoslavia highly appraises Romania's role and contribution in the positive development of inter-Balkan relations. The president of the

SFRY Presidency talked in the toast about international relations, the noticable relaxation of tensions, and prospects for wider positive movements.

Europe gives a significant contribution to these processes on the basis of the Helsinki principles, Dizdarevic said, and he went on to list similarities between Yugoslav and Romanian views about numerous international issues.

Dizdarevic also talked about new processes in international relations and prospects for world development, assessing them as major challenges to all countries and political movements. Everyone must face these new times in their own way, examining their own concepts and activities. As a result of that, the Nonaligned Movement, as an independent global factor in world politics, is starting to adjust its actions to changed international relations. It is doing all this in order to become even more influential in support of positive processes in the future. The movement will always work to support the struggle for peace, universal security, and detente, creating conditions for economic development of every country and nation, while struggling for national independence and sovereignty, for freedom, independent internal development, and full equality of all in international relations, Raif Dizdarevic, president of the SFRY Presidency, said in the toast.

The two delegations will continue the talks tomorrow morning.

Ceausescu, Dizdarevic Dinner Toasts

AU2212195888 Bucharest AGERPRES in English 1948 GMT 22 Dec 88

["Official Dinner"—AGERPRES headline]

[Text] Bucharest AGERPRES, 22/12/1988—On Thursday, December 22, Nicolae Ceausescu, RCP general secretary and president of Romania, gave an official dinner at the State Council Palace in honour of Raif Dizdarevic, president of the SFR of Yugoslavia.

The attendance included full and alternate members of the Executive Political Committee of the CC of the RCP, secretaries of the CC of the party, members of the CC of the RCP, of the State Council and the Government.

Present were the officials accompanying the president of the SFR of Yugoslavia in his visit to Romania.

During the dinner, held in an atmosphere of warm friendship, Presidents Nicolae Ceausescu and Raif Dizdarevic proposed toasts followed with keen interest and punctuated with applause.

Report on Ceausescu Toast

AU2312091088 Bucharest AGERPRES in English 2201 GMT 22 Dec 88

["Toast by President Nicolae Ceausescu"—AGERPRES headline]

[Text] Bucharest, AGERPRES, 22/12/1988—In the toast he proposed at the official dinner given in honour of President Raif Dizdarevic, the Romanian head of state assessed the distinguished Yugoslav guest's visit as another relevant expression of the traditional bonds of friendship, solidarity and cooperation between the two countries, parties and peoples, as an expression of the common wish and will to take the Romanian-Yugoslav relations to a higher level.

After mentioning the highly important role of the meetings and talks with Josip Broz Tito, with the other Yugoslav party and state leaders in the development of these relations, the president referred to the current official talks during which he said it could be seen that there were many possibilities to further expand the political, economic and technical-scientific collaboration between the two countries.

Referring to the achievements Romania scored in socialist construction especially after the Ninth RCP Congress (1965), Nicolae Ceausescu pointed out:

Our starting point was and is that socialism is built in conditions that differ from country to country, and we firmly applied the general principles and laws of socialism to our country's specific conditions. In that spirit, we were concerned to develop and modernize the forces of production, continuously strengthen socialist, state and cooperative ownership—the foundation for the people's welfare—develop a comprehensive system of revolutionary worker democratic bodies and in that way ensure the whole nation's broad participation in the administration of society, in the achievement of the scientific thesis of socialist construction with the people for the people.

Approaching international issues Romania's president said among other things:

The situation in the world continues to be very serious and complex. Even though positive steps were taken in the direction of disarmament and detente—chiefly as a result of the agreements on medium and shorter-range nuclear missiles that the Soviet Union and the United States signed—they are still small. The remaining huge quantities of nuclear weapons can destroy mankind several times. Nuclear tests are going on and work is in progress on the so-called Star Wars project. A few days ago the modernization and development of theatre and short-range weapons were discussed by the NATO leadership which pursues a fourfold increase of their destructive force. Adding to all this are chemical and conventional arms.

Under these circumstances, Romania takes the view that disarmament, nuclear disarmament first and foremost, the defence of the people's foremost right to existence, to peace, to a free and dignified life are essential today. All must be done for the Soviet-American accord on the elimination of medium and shorter-range missiles to be fulfilled, and for the agreement on a 50 per cent reduction of strategic nuclear weapons to be concluded as soon as possible. Furthermore, efforts should be stepped up to achieve a comprehensive disarmament programme leading to the elimination of nuclear weapons, cessation of nuclear tests and the militarization of space. We strongly support the liquidation of chemical arms and substantial conventional arms cuts under strict international control.

Romania has been an active participant and taken action for the Vienna Conference on Disarmament and Cooperation to end with the best possible results that should consider the European people's interests to live in peace, to closely cooperate in all areas for the independent development of each one. The approach to problems should take today's realities into account—the development of the forces of production, of science, of culture. All peoples whatever their social system should order their lives by taking these advances into account, look ahead, not back. It is in this spirit that we regard the question of European unity: a united Europe of free, independent nations, of peace and cooperation.

Romania works along with Yugoslavia, with other states, to make the Balkans a zone of peace, cooperation and good neighbourliness, free of nuclear and chemical weapons, and of foreign military bases. We also support the creation of such nuclear and chemical-free zones in Central Europe and other parts of the world.

Romania has steadfastly campaigned for the settlement of all conflicts and disputed issues—in the Middle East, Africa, Asia, Central America and other parts of the world—by political means only, by way of negotiations.

In consideration of the deterioration of the world economic life, the steady erosion of the position of the developing countries—which, through a very unfair economic and financial system actually finance the developed capitalist states—Romania takes the view that an international conference should be called to discuss underdevelopment, including the very large foreign debt of the developing countries.

We trust that the progressive realistic forces, people everywhere can, by taking action in unity, change the course of development, impose disarmament, ensure a new, democratic policy, cooperation and peace, the speaker said.

In concluding his toast President Nicolae Ceausescu stressed that Romania would work also in future—with Yugoslavia, and the other socialist countries, with all the countries of the world, with the democratic parties and forces everywhere—for the settlement of all the problems of concern to mankind, for our planet to be a better and more just place to live in.

Ilie Ceausescu Attends SFRY Embassy Reception

AU2012194988 Bucharest AGERPRES in English 1820 GMT 20 Dec 88

[Text] Bucharest, AGERPRES, 20/12/1988—On the 47th anniversary of the day of the Yugoslav People's Army, the ambassador of the Socialist Federal Republic of Yugoslavia in Bucharest, Boro Denkov, and the military, air and naval attache, Milan Radeka, gave a reception on Tuesday, December 20.

In the attendance were Lieutenant General Ilie Ceausescu, deputy minister of National Defence and secretary of the Army's Higher Political Council, representatives of the Ministry of Foreign Affairs, generals and officers.

Also present were military attaches and other members of the diplomatic corps.

Ceausescu Interviewed by Australian Paper

AU2012172188 Bucharest SCINTEIA in Romanian 17 Dec 88 p 1, 6

["Comrade Nicolae Ceausescu's Interview With the Daily THE AUSTRALIAN," in Bucharest on 7 December]

[Text] As has been reported, on 7 December 1988 Comrade Nicolae Ceausescu, president of the Socialist Republic of Romania, received Nicholas Rothwell, special representative of the Australian daily THE AUSTRALIAN, to whom he granted the following interview:

Question: Esteemed Mr President, you paid an official visit to Australia this year. We would like to ask you to give our readers your opinion about the current stage of and prospects for further developing relations between Romania and Australia in the economic, commercial, political, and scientific-technical fields.

Answer: The official visit I paid to Australia this year marked an important stage in the relations between our countries and opened up prospects for expanding economic, scientific-technical, and cultural cooperation, as well as for cooperation in international political activities.

I still recall the various events of the visit and the talks and understandings we arrived at on that occasion. As a matter of fact, this year trade between our countries has doubled compared with 1985 and, in accordance with the agreements concluded during the visit and as a result of the understandings that were reached after the visit with various companies on cooperation in various areas, there is the prospect that our economic exchange will double by 1990—that is, in the next 2 years. The fact that agreements have been implemented under favorable conditions creates prospects for long-term cooperation—

10-15 years—and this will further increase economic exchanges and enable us to cooperate in the area of scientific and technical research, which is important for both countries.

I would also like to mention that, in connection with certain important international issues, we arrived at common or very similar conclusions and that both our countries are interested in achieving a new policy, a policy of disarmament, primarily nuclear disarmament, and of solving complex economic problems, especially the problems of underdevelopment.

Taking all this into account, once again I would like to mention that we believe that the visit and the understandings arrived at open up great prospects for cooperation between our countries in the interests of the two peoples and of the cause of peace and international cooperation.

Question: Mr President, we would like you to speak about your main concerns and the concerns of the Romanian party and state in the area of domestic policy and—if you agree—to describe the essence of the program for modernizing and developing villages and all localities.

Answer: Just a few days ago—within the framework of our democratic bodies—we reviewed Romania's activity on the road of socialist development. We arrived at the conclusion that we have achieved noteworthy results in the development of the forces of production—in industry, agriculture, science, education, culture, and, on this basis, in improving our people's material and cultural standard of living.

Romanian industry, for instance, produces more than 120 times more than in 1945, while agricultural yields have increased ninefold. We have created modern industry on the basis of technology and current scientific achievements. Actually, Romanian industry in all areas is today able to manufacture machinery and equipment which can compete with current international technological standards.

On this basis, we propose to continue to emphasize intensive development and improving the quality and technical level of products, in conformity with the most modern achievements of science. We would like Romanian industry to be constantly up to the level of the best achievements in the international arena. For this reason, we place great emphasis on scientific and technical research, and on introducing into production the latest results in these areas.

It is obvious that all this aims at our country's development in general, at raising the level of civilization and the well-being of all our people, and at the same time at broadly developing international cooperation. Within this framework, I repeat, we want our relations with Australia to represent an important factor in the future.

Along with the overall development of the forces of production, we have implemented a comprehensive program for housing construction and for the construction of other establishments—in the area of education, health care, culture, and so forth.

As a matter of fact, anyone visiting Romania is able to note that the face of our cities is almost completely new. We had to do this because the housing situation was very poor in the past and did not meet the requirements of modern housing. At the same time, the population in the cities increased a great deal. This explains the fact that today some 80 percent of the population in cities is living in new housing. Actually, we propose to solve the housing problem in cities by 1995.

At the same time, we have also paid some attention to improving the standard of living in villages. Along with the development of agriculture and certain industrial activities, we have adopted a number of steps to develop establishments of a general social nature, incorporating education, health care, culture, and the other requirements of the population. In actual fact, we have implemented many of these programs, although they do not match the level of development of the cities. For this reason, in the future we propose to pay greater attention to solving these problems in rural areas, in villages, in order to improve the standard of living of the population and of all our citizens. Our aim is to see to it that the differences between the standard of living in the cities and the villages gradually become less and less obvious. As for general necessities—education, health care, culture, economic problems—we plan to create the same conditions as in cities. This will require some time, but we believe that it is the only correct road to follow to ensure from all points of view civilized and the best living conditions for all our people.

Within this framework, we plan to build housing for those who work in those localities, for the workers, and to make sure that gradually our citizens in villages also build comfortable and modern dwellings. These programs have been broadly discussed throughout the country. As a matter of fact, they have been in force for 20 years, but, as I have mentioned, considering the vigorous development of industry, we gave priority to the cities. We believe that the necessary conditions now exist to pay greater attention to modernizing and developing rural localities. This will raise the overall social development to a higher level, improve the standard of living and the level of civilization of our people, and will constitute a firm step forward in implementing our targets aimed at building the socialist society that will from all points of view guarantee the best of living conditions for our people.

Question: Greatly esteemed Mr President, in your opinion what is the role of traditions and historic assets in developing modern society in Romania?

Answer: Recently, at the democratic forum that I mentioned before, I briefly reviewed the development of the Romanian people—and thus of Romania—beginning with the first centralized state of the Dacians 2060 years ago and up to the present.

Romania and the Romanian people developed under difficult conditions. A general characteristic of our whole history is the constant struggle against foreign domination, for independence, and to form and protect our own existence, our language, and our culture. And we can say with satisfaction that despite the difficult conditions, the Romanian people took shape, created their language, their own culture, and were able to do away with foreign domination and ensure their independent development.

Therefore, we greatly value all the events in our homeland's history. We value our traditions, important figures, and all those who did all they could to contribute to the development of the Romanian people. But first and foremost, we value the people themselves; they are, in fact, the decisive force and the true forgers of history, of life, and of today's modern Romania itself. Therefore, everything we do, we do with the people and for the people, with the nation and for the nation!

We greatly appreciate our past struggles, I repeat, but from them we want to draw conclusions for the present and the future.

This makes us work to constantly strengthen Romania's independence and sovereignty and to constantly raise the level of general development, of civilization, and the standard of living of our people.

Question: Romania's active role in the international arena is well known. We would be very grateful if you would define for our newspaper the main goals of Romania's domestic policy in the present stage and in the future.

Answer: Romania has advocated and continues to advocate broad cooperation with all states, irrespective of their social system. As a matter of fact, we maintain diplomatic and economic relations with 155 states. We participate intensively in the activity of all international bodies, moving from the need for each country—irrespective of its size or social system—to contribute to solving the complex problems of the world in the interest of the socioeconomic progress of each nation.

Second, we firmly advocate disarmament, primarily nuclear disarmament. We are in favor of the total elimination of nuclear weapons and a halt to any kind of nuclear testing, and we are in favor of renouncing any steps to militarize outer space. Within this framework, we attach particular importance to the understandings achieved between the Soviet Union and the United States of America in connection with intermediate-range nuclear missiles. However, we believe that this accord is just a step—and a small step at that—considering the large number of nuclear weapons that exist in the world.

Therefore, we believe that it is necessary for all peoples to intensify their efforts toward eliminating nuclear weapons, toward conventional disarmament, eliminating chemical weapons, and toward reducing military expenditures, based on the prospects of a world without weapons and without wars.

We also advocate a solution to all conflicts solely by negotiations by completely renouncing military means and the use and threat of force. Therefore, we hail the current negotiations that are taking place in various parts of the world to peacefully solve the known conflicts, which I do not want to enumerate here.

Specifically, we attach great importance to solving the problems of the Middle East. We advocate an international conference with the participation of all countries concerned, including the PLO. We hail—and have recognized—the proclamation of the new independent Palestinian State. We favor a solution that will ensure the coexistence of both the Palestinian state and of Israel, and that will lead to the establishment of relations of cooperation between them.

We pay particular attention to problems of the world economy, to underdevelopment, and the achieving of a new world economic order. Romania believes that the elimination of underdevelopment is a problem of vital importance for overall world development, to ensure equal relations of cooperation among all nations, and for a better and more just world.

Throughout our international activity we have given and continue to give priority to the observance of the principles of full equality of rights, of independence and sovereignty, noninterference in domestic affairs, and respect for each people's right to freely chose its road of development according to its own desires and without any outside interference.

We believe that these are current problems and will continue to be problems after the year 2000. We must seek solutions to these problems in the spirit of the new thinking and a new policy and, I repeat, all peoples should actively participate in solving the complex world problems in the interest of each nation, of peace and international cooperation.

Question: The changes under way in the Soviet Union are being extensively discussed in the West. Mr President, do you believe that these changes also have an impact on the other European socialist countries?

Answer: Romania and the RCP have always acted from the fact that the problems of developing and improving activity in one country or another are domestic problems, which are being solved in accordance with the

conditions and realities in each country. Thus, the current efforts toward perfecting or restructuring, as they say in the Soviet Union, the Soviet socialist society concern the activity of the Soviet state and the CPSU.

In this respect, Romania has worked and continues to work by starting from specific realities, from the need to constantly adjust the means of economic and political organization to the new realities resulting from the development of the forces of production, from the achievements of science, and from the development of culture, because one can never say that perfect solutions and forms have been found. Action must always be taken to perfect and improve the forms of leadership—something that usually happens in the international arena. Undoubtedly, it can happen that no such improvements take place for a long period of time—something that has actually happened in the Soviet Union—and thus improvements become a very important problem in the respective country.

To what extent they have an impact on other European socialist countries depends on the activity of each country and each party in the respective countries. I repeat, we start from the fact that each country solves its problems completely independently and in accordance with specific realities and the development level of the respective society. At least, Romania has acted, is acting, and will continue to act in this way.

What I want to say, however, is that all steps to perfect things in one way or another play an important role if they ensure the development of the forces of production, if they create conditions for more rapid progress by society, and if they contribute to improving the general standard of living of the people. In this sense, we believe that the steps taken by the Soviet Union have been and will be of great importance for the goals that the Soviet Union has actually set for itself.

In conclusion, I want to convey best wishes for progress and well-being to the readers of your newspaper and to the friendly Australian people!

Ceausescu National Day Message to Lao Leaders

AU0912203488 Bucharest SCINTEIA in Romanian 2 Dec 88 p 8

[Message from Nicolae Ceausescu, RCP secretary general and Romanian president to Kaysone Phomviahn, general secretary of the Lao People's Revolutionary Party and to Acting President Phoumi Vongvichit, on "The National Day of the Lao People's Democratic Republic"]

[Text] To Comrade Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party [LPRP] Central Committee and to Comrade Phoumi Vongvichit, acting president of the Lao People's Democratic Republic, Vientiane

On the 13th anniversary of the proclamation of the Lao People's Democratic Republic, on behalf of the RCP, the State Council, the Romanian people, and on my own behalf, I convey warm greetings and best wishes to you, to the LPRP Central Committee, and to the Lao people.

The proclamation of the Lao People's Democratic Republic, 13 years ago, was an event of the greatest importance in the history of your country, an event that created the necessary conditions to concentrate the Lao people's energy and the creative power on establishing a new, socialist society in their country and on building a peaceful and independent Laos.

I take this opportunity to convey to you and to the Lao people increasingly greater successes in the implementation of the Fourth LPRP Congress decisions, in the work of socialist construction and in ensuring the socioeconomic development of the country.

I express my belief that, through joint efforts, the relations of friendship and cooperation between our parties and countries will continue to develop, for the benefit of the Romanian and the Lao peoples and in the interest of the cause of socialism, progress, and peace throughout the world.

Nicolae Ceausescu, RCP secretary general and president of the SR of Romania

RCP's Barbulescu Received by Zhivkov

AU2012075988 Bucharest AGERPRES in English 0736 GMT 20 Dec 88

[Text] Bucharest, AGERPRES 20/12/1988—Todor Zhivkov, general secretary of the Central Committee of the Bulgarian Communist Party, president of the State Council of the People's Republic of Bulgaria, received Vasile Barbulescu, secretary of the Central Committee of the Romanian Communist Party, who is visiting the People's Republic of Bulgaria at the invitation of the CC of the BCP.

The interview covered the traditional good friendly and cooperative relations between the two parties, countries and peoples, as well as the possibilities to broaden and deepen the Romanian-Bulgarian cooperation in agriculture and other spheres of common interest, in agreement with the summit decisions and understandings.

The meeting was an opportunity for a cordial exchange of messages between the RCP general secretary and president of Romania, Nicolae Ceausescu, Mrs Elena Ceausescu, and President Todor Zhivkov.

Milea Greets SRV Defense Minister on Army Day
AU2112181888 Bucharest AGERPRES in English 1647 GMT 21 Dec 88

["On the Anniversary of the Day of the Vietnamese People's Army—AGERPRES headline]

[Text] Bucharest AGERPRES, 21/12/1988—Colonel-General Vasile Milea, minister of national defence of the Socialist Republic of Romania, sent a congratulatory telegram to the national defence minister of the Socialist Republic of Vietnam, Army General Le Duc Anh, on the 44th anniversary of the day of the Vietnamese People's Army.

On the same occasion, the ambassador extraordinary and plenipotentiary of the Socialist Republic of Vietnam to Romania, Nguyen Trong Lieu, met with the military of a unit of the Romanian Army, when he spoke about the significance of the respective anniversary. The participants in the meeting saw round an exhibition of photographs, showing aspects of the life and activity of the military of the Vietnamese People's Army, and viewed a motion picture made available by the Embassy of the Socialist Republic of Vietnam.

Stoian, Nicu Ceausescu Meet Israeli Youth Group
AU1912185888 Bucharest AGERPRES in English 1733 GMT 19 Dec 88

[Text] Bucharest, AGERPRES, 19/12/1988—A delegation of youth of the Israel Labour Party, led by Efrayim Zinger, secretary-general of that organization, member of the party's Secretariat, paid a visit to Romania over December 13-19, 1988, upon an invitation extended by the CC of the UCY [Union of Communist Youth].

The programme included talks conducted at the headquarters of the UCY Central Committee, of the Council of the Union of Communist Students' Associations of Romania, of the Ministry of Foreign Affairs and visits and meetings with the youth in various economic and sociocultural units in Bucharest and the county of Sibiu.

The Israeli youth delegation were received by Ion Stoian, alternate member of the Executive Political Committee, secretary of the CC of the RCP, and by Nicu Ceausescu, alternate member of the Executive Political Committee of the CC of the RCP, first secretary of the Sibiu County Committee of the RCP.

During the talks, emphasis was placed on the continuous growth of the cooperative links on a youth line within the framework of the relations developing between the two countries and peoples.

RCP Message to Portuguese Party Congress
AU0912192288 Bucharest SCINTEIA in Romanian 4 Dec 88 p 5

["RCP Greetings Message to the 12th Congress of the Portuguese Communist Party," presented by Nicolae Constantin, member of the PEC of the RCP Central Committee and chairman of the Central Party Collegium, on 3 December in Porto, Portugal]

[Text] Proceedings of the 12th Congress of the Portuguese Communist Party [PCP] are continuing in Porto. The congress is discussing the Central Committee report presented by PCP General Secretary Alvaro Cunhal, the new party program, and various proposals for changes in the PCP Statute.

On behalf of the RCP and its secretary general Comrade Nicolae Ceausescu, the Romanian representative, Comrade Nicolae Constantin, member of the PEC of the RCP Central Committee and chairman of the Central Party Collegium, extended warm comradely greetings and best wishes for success in the congress proceedings to the delegates participating in the 12th PCP Congress and all party members.

The PCP Congress, the speaker said, gives us the opportunity to point out with satisfaction the good relations of friendship, solidarity, and cooperation existing between our parties and to express the firm conviction that these relations will continue to develop and strengthen, to the benefit and in the interest of the Romanian and Portuguese peoples and of the general cause of socialism, peace, and the unity of revolutionary, progressive, and democratic forces everywhere in the struggle to bring about disarmament, strengthen international peace and security, and ensure the triumph of ideals of social and national justice, independence, and progress for all nations.

All our people, the message reads, closely united around the RCP and its secretary general Comrade Nicolae Ceausescu, are carrying out broad activity to implement the targets established by the 13th Congress and the National Conference of the RCP concerning the intensive development of the national economy, the achievement of a new quality of work and life, and Romania's transition to a new and higher state of development, the stage of a medium-developed socialist country.

While giving priority to the fulfillment of our strategic goals for the fatherland's socioeconomic development, the RCP and Socialist Romania are also actively participating in the international efforts to assert a policy of peace, disarmament, and cooperation among nations. Although certain positive steps have been recently taken along the road of detente and disarmament, the international situation continues to be particularly complicated and contradictory. Therefore, we deem it necessary to develop a new kind of thinking and a new approach to international problems, which proceeds from the need to

do everything possible to remove the danger of a new world war, to make resolute progress toward disarmament, primarily nuclear disarmament, to eliminate chemical and other mass destruction weapons, to halt the militarization of the outer space, and to substantially reduce conventional weapons, troops, and military expenditures.

Proceeding from the present role and responsibilities of revolutionary and progressive forces, the greetings message reads, the RCP has worked and continues to work consistently to strengthen cooperation and solidarity with all communist and workers parties, on the basis of principles of full equality of rights, respect for independence, noninterference in domestic affairs, and observance of each party's right to independently work out its political line and revolutionary strategy and tactics, in accordance with concrete conditions prevailing in each country.

In conclusion, the speaker extended to the congressional participants wishes for full success in implementing the decisions that will be adopted by the congress and in the entire PCP activity devoted to fulfilling the aspirations for justice, progress, and peace of the working people and the friendly Portuguese people.

Church Synod Session Sends Cable to Ceausescu

AU1412090588 Bucharest AGERPRES in English 2217 GMT 13 Dec 88

["Annual Session of the Synod of the Romanian Orthodox Church"—AGERPRES headline]

[Text] Bucharest, AGERPRES 13/12/1988—A telegram sent to the president of the Socialist Republic of Romania, Nicolae Ceausescu and signed by Teoctist, the patriarch of the Romanian Orthodox Church, reads: The Holy Synod and the National Church Assembly, the highest executive forums of the Romanian Orthodox Church, which gathered in an annual working session, convey you, esteemed Mr President, the illustrious and experienced leader of the Romanian people, an eminent personality of the contemporary world, their feelings of high esteem and valuation, of deep gratitude for your tireless activity and tremendous creative power placed in the service of the people, of the epoch-making accomplishments in our homeland.

"Analyzing the activity carried through in 1988," the telegram shows, "it was with satisfaction that we noted that the activity of our church had integrated into the wonderful achievements with which our nation as a whole welcomed the anniversary of seven decades since the great union of December 1, 1918, a key historic moment on the road of fulfilling all Romanians' will of national unity. We also marked, with pride and satisfaction, the anniversary of 300 years since the publication of the matchless document of Romanian literary language—the Bible of 1688—worked out by Serban Cantacuzino and Constantin Brincoveanu."

In conclusion, the telegram reads: "Expressing our full adhesion to the home and foreign policy promoted by our beloved homeland, which you worked out with clearsightedness and wisdom, we assure you, on behalf of the faithful of the Romanian Orthodox Church, of our deep patriotic feelings and our full gratitude for the climate of freedom and peace established in our country. We also assure you that we will contribute, by our own means, to the implementation of the great programme for the Romanian people's material and spiritual development, for the rise of our homeland, the Socialist Republic of Romania, on to new summits of progress and civilization."

Hydropower Stations on Jiu River Surveyed

AU2112182188 Bucharest AGERPRES in English 1638 GMT 21 Dec 88

["The Energy-Giving Jiu"—AGERPRES headline]

[Text] Bucharest AGERPRES, 21/12/1988—The Jiu, an important river in southwestern Romania, has been for several years the object of ample harnessing works which will result in the connection of other waterpower stations to the national grid, designed to generate several hundreds of megawatts a year.

The hydroelectric works on the Jiu began at Turceni in 1985 when building works started on the storage lake meant to supply the big thermal power station in the locality as well as a waterpower plant of 9.9 mw the same year, the sites were opened for other two hydroelectric plants of 11 mw each, at Vadeni and Tirgu Jiu. Works are under way on all the above-mentioned projects.

The experts there, of which many have acquired a vast experience on the large Iron Gates site, the Cerna, Valea Mare or Tismana sites, apply modern technologies like that of "cylindered concrete" which enables the building of the middle dam by directly casting concrete from trucks and compacting it, thus eliminating steel and casing consumption, and cutting concrete consumption over 30 per cent.

The three water power stations are only the first in an ample series: The national energy programme envisages the improvement of the Jiu from its springs to its flow into the Danube. Upstream Vadeni, other three hydroelectric plants will be built: Sandu-Bumbesti to generate 35 mw, Curtisoara—11 mw and Turcinesti—11 mw. Designers are working on the future waterpower plants of Amaradia, Urechesti and Rovinari to have an installed generating power of 11 mw, each. Their putting into operation will end a first stage in the harnessing of the Jiu: Sandu-Bumbesti-Turceni area.

The power potential of the main rivers in Romania has been turned to best account one hundred per cent on the Lotru, 91 per cent on the Somes, 85 per cent at the Cerna-Motru-Tismana system, 81 per cent on the Sebes, 68 per cent on the Arges, 46 per cent on the Olt, over 45 per cent on the Danube.

The whole power potential is estimated to be capitalized by the end of the millennium.

Survey on Growth in Chemistry, Petrochemistry

AU1412101488 Bucharest AGERPRES in English 0930 GMT 14 Dec 88

["The Growth of Chemistry and Petrochemistry: A Survey"—AGERPRES headline]

[Text] Bucharest AGERPRES 14/12/1988—The present-day production potential of Romania's chemical and petrochemical industries was built almost entirely after the war. In 1938 the production of the chemical industry was limited to carbon black, hydrochloric acid, soda ash and caustic soda, chemical fibre and yarn, paint and lacquers and their amounts were not only far below the needs but also insignificant for the country's industrial production. The 1938 production of ammonia is now made in just 1.5 hours, that of synthetic fibre and yarn in 1.4 days, of carbon black in 1.8 days and of hydrochloric acid in 2.5 days. Hundreds of other products have since added to that narrow range of products so that when the on-going 5-Year Plan started in 1986, the chemical industry's production was 1,200 times as large as in 1938-prewar Romania's peak economic year.

Opting for a fast growth of the chemical industry, Romania laid the stress on the sub-branches that could make the best use of the raw materials. As a result the petrochemical production increased seven times during 1965-87 and essential changes were made in the structure of that industry that brought it to the level of that in developed countries. The chemicalization of crude grew more than 1.7 times over 1980-87 with the present concerns being concentrated on the better and more efficient utilization of the country's limited resources. The priority given to the development of petrochemistry is illustrated by state investments in 1,250 production units built in all 40 counties of Romania and the city of Bucharest. They are a living image of a dynamic and modern industry that could make in 1987 nearly nine times as much as in 1965, as a result of its 10.5 percent annual development rate, higher than the average rate of growth for industry as a whole. Production has diversified, new subindustries have emerged—chemical fibre and yarn, catalysts, synthetic resins, dyes and pigments, photosensitive materials, high-purity reagents, a.o. This industry contributes about 20 percent to the country's overall production today, up from just 7.5 percent 20 years ago. This is mainly the result of research and development activities, of modern and highly efficient technologies and products. With the central chemical research institute—ICECHIM [Central Institute for Chemical Research]—acting as a national coordinator of research activities, the country's network of 27 research units with a staff of more than 20,000 concentrates on the development of new technologies that can use raw materials to advantage to manufacture highly competitive products. In the 1971-75 5-year period, only 32 percent of the production of the chemical industry was made according to Romanian technologies, now the percentage is 98. All new plants completed during the previous 5-year period (1981-85) use Romanian technologies. Among them are the manufacturing plants for polyisoprene and polybutadiene rubber, ethylene-propylene-diene terpolymers, plasticizers, polyesters and epoxy products, thermoplastic elestomers. Furthermore, major research themes were completed for butadiene-styrene latex, degreasing agents for the roller bearing industry, flexible foams for the automobile industry, etc. Of the 1,700 technologies homologated by ICECHIM in the past 5-year period, 1,100 were put to production on a commercial scale. Moreover, Romanian-only technologies are used for the manufacture of synthetic rubber, plastics, chemical fertilizers, pesticides, drugs, detergents and dyes.

International statistics put Romania in the group of major producers of chemicals and petrochemicals, and the rate of growth of that industry has constantly been ahead of other branches of the national economy. A growing production of chemical fertilizers, synthetic rubber, plastics, chemical fibre and yarn, and the steady diversification of the production of medical drugs, dyes, auxiliaries and detergents, etc., brought Romania in line with the developed countries as far as some of these products are concerned.

The growing potential of the Romanian chemical and petrochemical industries shows in the country's trade to which they contribute 25 percent in terms of volume: About 230 classes of chemicals and petrochemicals sold to more than one hundred countries. As a result of Romania's experience in this field, crude processing units and chemical plants were built with Romanian assistance in India, Jordan, Pakistan, Turkey, People's China, Egypt, DPR Korea, Syria, the USSR, Iran.

During this 5-year period (1986-90), production is planned to rise 50-53 percent in the chemical industry, higher than in industry as a whole that will post a 34-37 percent growth from 1985. Larger increases are planned in the fine and small tonnage chemical industry, in the production of agricultural chemicals that will be almost twice as large as in the previous 5-year period. At the same time, 240 units and 360 manufacturing technologies will be updated along with 6'0 [as received] products. Exports are planned to increase 1.7 times from the previous 5-year period.

Palestinian Embassy To Open in Belgrade

LD2212194088 Belgrade TANJUG in English 1828 GMT 22 Dec 88

[Text] Belgrade, Dec 22 (TANJUG)—The State of Palestine will open an Embassy in Belgrade in accordance with the agreement in principle reached during the visit to Yugoslavia by Chairman of the Palestine Liberation Organization (PLO) Executive Committee Yasir 'Arafat.

This was announced by Foreign Secretariat Spokesman Ivo Vajgl at his regular press conference in Belgrade on Thursday.

'Arafat yesterday ended a one-day visit to Belgrade during which he met with top Yugoslav state and party officials.

Vajgl also used the opportunity to express grave concern at the statements by the Israeli Government that it will continue building settlements on the occupied Arab territories, that the Jewish state will not accept any dialogue with the PLO and that it is opposed to the holding of an international Middle East peace conference.

Government Protests to France Over Visas

LD2212185788 Belgrade TANJUG in English 1728 GMT 22 Dec 88

[Text] Belgrade, Dec 22 (TANJUG)—Yugoslavia has lodged a protest with the authorities in Paris and asked for an explanation why its citizens have not been enabled to travel to France with visas, Yugoslav Government Spokesman Ivo Vajgl said today.

Expressing the Yugoslav Government's "unpleasant surprise" over France's recent decision, Vajgl said at a regular news conference that the "problem of visas has now been given an unacceptable political dimension."

"We have expressed readiness to hold bilateral talks on all questions linked to this complex, for example illegal immigration. However, we have had no appropriate reaction from the French side so far," Vajgl said.

The Yugoslav spokesman noted that it was "unacceptable that a country, which insists on its democratic attitudes and is so active in the realization of the spirit and letter of the Helsinki documents, resorts to measures which are contrary to the general aspiration to ease communications among people."

Warning that such an attitude "incurs damage to (our) relations and puts us in a position to start considering the way to protect our own interests," Vajgl concluded that "all this will (?not) contribute to a constructive atmosphere in bilateral relations, which have received a significant boost through the comprehensive talks held in Paris during last month's visit by Yugoslav Foreign Secretary Budimir Loncar."

Vajgl also spoke about the possible change in the regulations concerning visas for Yugoslavs travelling to the Federal Republic of Germany.

"The federal government attaches great importance to an unobstructed flow of people and expects that, in keeping with the general trends in European cooperation and opening-up, no country will take steps which would endanger what has already been achieved," Vajgl said.

Repayment of Debts to United States Postponed

AU2212143888 Belgrade BORBA in Serbo-Croatian 17-18 Dec 88 p 12

[TANJUG report: "Agreement on Postponing Debts to the United States"]

[Text] Belgrade, 16 Dec—The FEC and the U.S. Government delegations conclude talks on reaching an agreement concerning the consolidation of Yugoslavia debtors' debts, due to be repaid between 1 April 1988 and 30 June 1989, in Belgrade.

The FEC representative in these negotiations is the Jugobanka-Associated Bank of Belgrade.

The agreement was signed today by Branislav Penezic, chairman of the managing board of the Yugobanka-Associated Bank of Belgrade, on behalf of the Yugoslav commercial banks, and John Scanlan, U.S. ambassador in Belgrade, on behalf of the U.S. Government.

This agreement envisages the refinancing of a loan totaling some $185 million.

Economic Integration With EC Viewed

LD1812132288 Belgrade TANJUG in English 1225 GMT 18 Dec 88

[Text] Brussels, Dec 18 (TANJUG)—Yugoslavia should join the processes of economic integration in Europe more actively, which is fully in keeping with the goals of its social and economic reforms. On the contrary, it will be condemned to marking time in the economic, technological and material spheres compared to developed Europe. This is the view held by European Community (EC) circles, well-informed on conditions in and relations with Yugoslavia and which are with great interest reviewing the latest proposals of leading Yugoslav figures regarding Yugoslavia's inclusion in the "European integration."

More precisely, this concerns proposals that Yugoslavia receive the status of an associated EC member or that it join the community or gain the same status as held by the European Free Trade Association (EFTA) countries.

Some senior European Commission officials believe that the establishment of a free trade zone between Yugoslavia and the EC should be considered first.

To TANJUG's question on whether this is realistic in view of the fact that the Yugoslav economy is in many sectors lagging behind the level of the economic development in "The Twelve" EC countries, representatives of the European Commission replied that mechanisms would be found for a time and structural adjustment as well as for "making Yugoslav firms more competitive."

EC circles in Brussels consider the announced Yugoslav economic reform to be a "good path" towards the creation of a sound economy and one competitive on the world market. This is the only true path for a gradual and carefully planned restructuring of Yugoslav enterprises in the areas of personnel, technology and programs and for their more active particpation in the world, and above all the European division of labour.

"Yugoslavia is a country which is geographically, culturally, economically and technologically a part of Europe and the need for its opening and taking part in these far-reaching changes in Europe imposes itself." But it must first resolve "its social and political problems" and "secure the effective functioning of the federal government and bodies which are partners to Europe and the world," the European Commission circles stress.

The EC is Yugoslavia's main trading partner and The Twelve do not consider the nine billion dollars' worth of trade in both directions in 1987 as negligible.

The EC politically highly regards nonaligned Mediterranean Yugoslavia as a factor of stability in Europe. In its view, a political will currently exists in Yugoslavia for "joining Europe, as Yugoslavs are without a doubt capable of entering the competition."

The EC is reviewing Yugoslav Prime Minister Branko Mikulic's recent proposal for Yugoslavia to be given the status enjoyed by the EFTA countries during the adjustment period, taking into account its position as a developing country. This would remove current disagreements over reciprocity and the limiting of trade and economic cooperation and make conditions uniform. Yugoslavia would thus more actively join the community's large market of 320 million consumers.

Macedonian Committee Selects LCY Candidates

LD1912215888 Belgrade TANJUG Domestic Service in Serbo-Croatian 1524 GMT 19 Dec 88

[Text] Skopje, 19 Dec (TANJUG)—Members of the Macedonian LC Central Committee have drawn up a list of 45 potential candidates for membership to this forum. In the framework of the cadre renewal within the Macedonian LC Central Committee, a public debate has been held in all basic organizations to find a replacement for 19 Central Committee members. As many as 164 candidates were proposed for the list which has now been scaled down to 45 names. The list, adopted by secret ballot today, will once again be submitted for public debate in municipal and university committees and the Skopje LC city committee.

According to the criteria for cadre renewal, a proposal to replace 19 members of this body was previously confirmed.

The following members have been relieved of membership in the Macedonian LC Central Committee: Aleksandar Andonovski, Branko Azeski, Apostol Arbelski, Gligorije Gogovski, Miroslav Georgievski, Jakup Ilijazi, Radoslav Ognjanovski, Metodi Petrovski, Slavica Risteska, Dragoljub Stavrev, Vulnet Starova, Goga Nikolovski, Vesna Selmani, Marijan Matevski, Abdulrahman Ademi, Dusan Ostojic, and Tomislav Trajcski.

At its previous session, the Macedonian LC Central Committee relieved Aleksandar Varnalijev of his membership in the Cental Committee and decided to replace Veselj Ramizi.

At the end of today's session, the members of the Macedonian LC Central Committee selected, by secret ballot, nine candidates for membership to the LCY Central Committee from Macedonia. They are: Ampo Georgievski, Boris Karkinski, Pandora Blazevska, Haralampije Krstevski, Milorad Stefanovski, Ljupco Jordanovski, Ariton Zikov, Blagolja Handziski, and Asan Sejdinovski.

Out of 12 candidates, 9 were elected, and the LCY Cenral Committee will make a final selection of 5 from the 9 for membership at its next session.

Stipe Suvar Addresses Split Anniversary

LD1812173288 Zagreb Domestic Service in Serbo-Croatian 1030 GMT 18 Dec 88

[Address by LCY President Stipe Suvar delivered in Split to mark the anniversary of the September 1943 uprising and liberation—live]

[Text] Dear comrades, it is an honor and a pleasure to speak here in Klis, under the the walls of the Klis fortress, at a time when the two monuments are unveiled. One is errected by the people of Klis who dedicate it to their ancestors, from the Uskok fighters to the Partisans who have fought and died for our people's freedom. The other monument is dedicated to those who defended Split and liberated middle Dalmatia in september 1943; it is erected on behalf of the people of Split and Dalmatia. Both monuments should have been erected before now. Nevertheless, today is also a suitable moment. Our heroic and glorious history should inspire and encourage us, particularly in these hard times, to enable us to fight for and win the future for us and for our descendents. From time immemorial this has been dreamed of by generations of our people in this desolate rocky Dalmatia, among these cliffs where they were

whipped by gales and and facing our Adriatic sea. I would not repeat what Comrades Smodlaka and Bego have just said. I will only repeat the verses Comrade Smodlaka has already said, the verses which have stayed with me since my childhood and which are, I believe, familiar if not to everyone then certainly to the people of Klis: It is difficult for Klis since it is sitting on the rock, it is difficult for the rock since it is under Klis.

Generations have been passing, leaving for the eternal empire of death, but Klis is still here to guard our manhood and freedom. It is a beacon for the Croatian people and all our nations. Here at the place of the former front line, from Rupotine to Kosa, along the road leading to Sinj, along the road to split and on its outskirts, in Police, and from Omis to Imotski the battles were fought 40 years ago—as my predecessors have spoken about in detail—against the Germans and the Ustasha forces. The battles lasted 15 days and prevented the enemy from entering Split and our liberated coast and territory. It represented one of the greatest heroic episodes of the people's revolution in Dalmatia—and not only within Dalmatia—because these battles have found their way into the register of the most glorious battles of the War of Natioanal Liberation.

The superior enemy entered Split and enslaved the city and the liberated territory along the coast. After 20 days of freedom, outburst of ecstasy, and revolutionary creativity, the people of Split, Solin, Kasteli, and other our places in this area, a new occupation came. Freedom required 13 months more of fighting and death. The gallows were raised again on Split's sea promenade, in a town already sad and deserted. But the Germans needed yet another 3 months to take control of our Adriatic Sea. The territories which remained free were the island territories around the mountains of Biokovo and Mosor. The island of vis was shortly to become the capital of the New Yugoslavia from where Tito led triumphant battles for Yugoslavia's international recognition, for the New Yugoslavia, and for the final liberation of our country.

Split and the Solin-Kastela area were among the most partisan-oriented areas of our country. Things that were happening in Split and in this area, and all over Dalmatia in the late summer and fall of 1943 should be regarded as the mass people's support to the aims of the national liberation struggle. Almost everybody capable of carrying a gun joined partisan units to fight, while the rest of the people fought from the rear.

The partisan war on the territory of Dalmatia, which at that time assumed unprecedented proportions, soon provided additional force for the 8th Army of the National Liberation Army, the majority of fighters of which were Dalmatians, Croatians, and Serbs, among others, and which, with its four divisions, eventually would liberate all of Dalmatia, southwestern Bosnia, western Hercegovina, the Lika region up to Bihac, part of Gorski Kotar, all islands, the Croatian, Istrian, and Slovene littoral, and Trieste. The defense of Split, Dalmatia, and the Adriatic from the German onslaught in September 1943 became a period when a large mass of people flocked to join the national liberation struggle in Dalmatia, thus giving it momentum and additional force. Heroic partisan deeds and the glorious days are indestructable; they cannot be pushed into oblivion or blurred by our failures along the path paved for us by the national liberation sturggle.

Comrades, how far have we gone today and what is happening to us? Socialism in our country is in the grip of serious difficulties and is faced with ever greater challenges. It is, however, not being brought into question nor will we deviate from the main path paid by blood during the national liberation strugle and which we pursued during the entire peirod with Tito at the head. [applause, crowd chants "Long live Tito"] We have achieved a great deal and those who are not aware of it are either blind or are too disappointed, if they belong to the older generations, or inadequately informed; if they belong to the younger generations. Only 0.15 percent of the world population lives in our country. Its share in world production is 0.40 percent and occupies 565th part of the earth's surface. In today's world, however, it is a much bigger country.

Thanks to 1941, 1948, 1950, and other dates in our recent history, thanks to one of the most radical and, by its heroic deeds, one of the most glorious revolutions of our time in which our peoples—initially united over the achievements of that revolution and then in their new community in which all became recognized and equal—we for the first time demonstrated to the world, here at the periphery and the crossroads of Europe, that we were masters of our own destiny and that the time of oppression of small nations was over. Thanks to the introduction of workers' self-management in factories and the achievements of socialist self-management, thanks to the policy of nonalignment and our non-Bloc status as well as our jealously guarded independence and, finally, thanks to Tito's role and the power of his personality, his capacity to be the captain of our ship sailing through world's seas, his courage and skills to be equal with both Churchill and Stalin and to maintain both his and our head up. Thanks to all this our Yugoslavia has entered the stage of modern world history in a big way and has gained reputation and influence much greater in proprotion to the size of its population and its share in world production. In that sense our country still means something in the world despite all the troubles for which we ourselves are more responsible than outside factors or tendencies and contradictions in the world which have had a negative effects on all countries and people except the small number of countries which have secured a privileged position for the centuries of their capitalist development and the world capitalist market thus making them into the centers of money, technology, information, and military power and despite the fact that since Tito's death we have seen both our reputation and influence reduced.

As a result of the noise we ourselves are making and of our nationalist-bureaucrat quarrels and conflicts, of the resurrection of the mythological ideas, atavism and of the views dragged out from the scrapheap of the world history and of increased concern, the world today is talking and writing about Yugoslavia, about its socialism, about the situation in intranational relations, about what is likely to happen and what is already happening in the country in the way that does not promise a favorable outcome or rosy prospects. We should not be surpised at all this since trepdiation, lack of hope and fear have already permeated the wide masses of our people. We, ourselves, are to blame for all that. We have begun to behave like quarrelsome brothers who have inherited their ancestral home and our now undermining its foundations, breaking its windows, squandering everything in it and have began to remove its roof all with the fanatical aim of making evryone care for oneself alone, of fighting with all others and of pushing everyone else even into a dark abyss and turmoil.

Since I am not a pessimist—on the contrary, I am an incurable optimist—let me assure you Yugoslavia will remain not only a socialist, federal, and nonaligned country, but it will also find strength—as it has already found—to again gain momentum in its material and spiritual progress, something that will bring peace of mind and self-esteem back to all its inhabitants and people. This will consolidate their place within a historically inevitable, and promising union of free and equal people, nations, and nationalities. A vast majority of our people, regardless of their nationality, religion, view of the world or their place of residence in our country, know and feel there is no alternative to Yugoslavian socialism, brotherhood and unity, self-management, nonalignment, democracy, and progress toward a higher level of civilization.

People's historic memory of the significance of Tito and the revolution is the main safeguard; not only for remaining on our route to socialism on which, during the last decades, we have made great achievements and earned a honorable position in the struggle for progress, peace, and humanism in the world; but it is also a guarantee of our new enthusiasm and renaissance of socialism in our country.

It is no longer possible, although it was at some stage in our past, to have a nonsocialist Yugoslavia; in other words, a Yugoslavia in which socialism would be defeated and basic socialist aims and ideals abandoned. Also, it is impossible to see a Yugoslavia without all nations and nationalities being entitled to recognition and equality, a Yugoslavia in which nations or nationalities would have fewer rights or even be denied them, a Yugoslavia with revised internal borders or some parts annexed or anything else which might threaten the decisions established by the second and third session of the AVNOJ [Anti-fascist Council of National Liberation of Yugoslavia]. A Yugoslavia suited to only one of its people or to the alliance of two or three of its nations at the expense of the rest is also an impossible option.

It would be impossible for Yugoslavia to survive if it failed, at the threshold of the 21st century, to develop the peoples' rights and liberties, and respect freedom of thought, freedom of individual and group initiative, and freedom of self-organization. It would also be impossible for Yugoslavia to survive if it is not fully opened to the world, if it will not enable civilization and cultural growth, and if it will not wipe out atavistic myths and dogmas, quasi-mass politicization, and collective psychosis, which leads to confrontations along ethnic, ideological and other divisions.

Even if it was possible at an earlier stage of revolutionary etatism, neither today nor tomorrow will it be possible to organize our socialist and federal Yugoslavia, born out of common revolution, from above through bureaucratic decrees, from one source, or by the will one man or any, however powerful, olygarchic group. Yugoslavia must be united and the same time diversified; it must be organized in a democratic way and on the basis of people's and nations' distinct wishes.

Neither socialism nor Yugoslavia could march into the future if the working class which today includes all creators of material and spiritual well-being is to be deprived of the achievements of socialist self-management, and if the working man and citizen is to be forced to become an obedient hired laborer by bureaucracy, technocracy, and the elite groups with the concentration of know-how and intellectual power. In this sense, neither the economic reform so often mentioned in recent days, and especially at the 19th LCY session, has as its aim negating and reducing self-management but, instead, it is aimed at creating and providing a material basis for self-management and encouraging initiative and providing those who create values with the genuine responsibility by having their labor verified at both domestic and world market, by enabling them to look for development opportunities and their place at the world level of development of production forces.

Who is today ostensibly more in favor of Yugoslavia and who less? Which of our people are by their nature, ostensibly more Yugoslav-oriented and which are, allegedly, subversive by nature? Whose ancestors and how many of them died for the cause of Yugoslavia? From the present-day point of view, these questions are absurd for there is no sensible answer and which lead to quarrels which have become the grist to the mill of nationalism and which foment unreasonable passions. The only important thing for both the future and past of Yugoslavia is that which brings its people together and which gives them identity and an opportunity for development. For this reason, we must not invoke past defeats, but instead common victories. In these victories, we must not look for reasons for our quarrels, but for messages about the need for unity in an attempt to guard against

historically still viable conflagration in our common home and even against fratricidal conflicts. Let us search for the new, for something which will bring us together, faster and closer. Let our future generations organize Yugoslavia according to their own needs and to the way it suits them and in line with the present-day world and by relying more on new know-how than old myths.

In this context, the national liberation struggle is a lasting and inspiring source, but at the same time we must not ignore or undervalue the aspirations and contributions made to the Yugoslav union by preceeding generations. We aspire to a Yugoslavia as a strong country because of its citizens' love and due to respect in the eyes of the friends worldwide, and which will in the future develop along the criteria of the politically free, socially, nationally, culturally, technologically, and ecologically enriched man. This way cannot be paved by new or old myths, nor by new quarrels, or even maybe wars, old quarrels, confrontations, and unsettled accounts. If Yugoslav orientation at some point had an ethnic ring to it, today it cannot be viewed outside its social and cultural contents. It is a must today and it will be even more necessary tomorrow when a richer, more humane socialism and a new development of socialist self-management come. This is why Yugoslav orientation is not and must not be something that is forced onto us from outside, from above or by a decree. Nobody exports and nobody imports Yugoslavia and Yugoslav orientation across republic borders nor is it defined in a certain omnipotent center. There is no emancipation, either, in the world as it is, for any of our nations if it opts for distancing or even separating from Yugoslavia.

Being a socialist country and community, Yugoslavia is primarily based on the principle of emancipation of every individual and nation from the inside through relying on one's own resource in a union with others. [brief break in reception]...historical and political ties between our peoples to develop into direct economical links in a common market where instead of exchanging myths, we will exchange products. The exchanges will be not between nations and states, but we will exchange as individuals, enterprises, and associations. That is why a condition for new quality ties between our peoples is an open socialism which will enable our nation to become not only a politically modern nation—that the revolution provided with a chance for self-determination—but also a nation integrated in the modern world via the world market. To survive in the world market some kind of third Yugoslavia [the existing country is referred to as the second] would be of no help, particularly a Yugoslavia which would establish, say, state socialism with its monolithic centralism. On the contrary, it is the task for the transformed AVNOJ-based Yugoslavia. To practice a Yugoslav orientation today means, in the first place, to fight for the restoration of socialism in one's own enviroment. The Yugoslav orientation today presumes a struggle against any kind of economic and cultural autarky, isolation within the confines of one's nation, often with the 19th century ideas about statehood and sovereignty. What is more, it implies a struggle against Yugoslavia's autarky within the world context and the divorce between the state and party, between the sovereignty of an individual and nation and between bureaucratism and national etatism. In other words, the Yugoslav orientation is an openness to the modern world, to its highest economic, technological, and cultural achievements, and to economic and political ties unhindered by state bureaucracies, pluralism, and differences on the broadest base of the process of socialism. The Yugoslav orientation sees individual freedom in terms of having a say in making decisions on the issues of an individual's everyday life and on conditions and fruits of his work and creativity.

For this reason, this affirmation of the socialist Yugoslav spirit is possible only on the basis of the liberation of socialism in our country from statist and bureaucratic ossification and on the basis of the development of the kind of Yugoslavia which will ensure it a new identity and recognition in the world by virtue of its products, cultural differences, and creative people. This kind of Yugoslav spirit also means preserving and developing brotherhood and unity won by Tito's partisans and supported in the past and now by the majority of our people within all our nations and nationalities; it means a spirit of togetherness and links from Mt Triglav to the Vardar which was born throughout history, in 1848, 1918, and 1941, and especially so during the entire, Tito period of our socialism. However it must continually confirm and enrich itself. The new constitution, which we shall be compiling and adopting in the years to come and which should express a new richness of theory and practice of our legislation, should also support this spirit.

We speak of economic and political stabilization, but we are doing too little on either; this applies both to the federal leadership and to every organization of associated labor, every LC and Federation of Trade Unions organization, or local Socialist Alliance Conference. We must understand one thing: Yugoslavia cannot be stable nor become stable unless profound changes take place, especially in the sense that at long last society should begin to integrate itself economically and change through the economy rather than through the state or through political will alone.

At this point of time—and here I am heard by many Tito partisans—I know that they are full of dismay. Many of their dreams and ideals have been trampled on and betrayed. They are dismayed that Tito too is under attack. My message to you, comrade veterans, is that at the time of the generation change, when precisely my generation and somewhat younger generations, who should and must cede their positions to even younger generations, and who also are very dissatisfied and very impatient, are subject to criticism, comrade veterans, do display understanding for new relations and new values, for the needs of your grandchildren's generations, for their sensitivity and ideals which not infrequently and only apparently are different from yours. That said, go

on denouncing unsparingly and with all your remaining strength, go on resisting everything which is threatening the heart of the revolution—trying to reorganize and redirect Yugoslavia in relation to this Yugoslavia for which your generation during Tito's lifetime shed their blood and spared no effort. [applause]

All leaders will have to submit and keep submitting tomorrow to truly the broadest procedures of democratic control and checking, even if this is not the case today. For dishonest and rapacious people there will be no place, even if there has been one until now. [applause] For those who are demagogically wooing only their own nation and are introducing disquiet in our other nations, for those who do not put Yugoslavia and socialism first above all other values and political involvment, for those who are offering democracy to others and call for responsibility of others and at their home employ even the worst possible kind of bureaucratic issuing of orders and the shallowest demagogy, to put it briefly, there certainly will be no place tomorrow for many louts who are still in our ranks. [applause; shouts of "hear, hear!"] Democratization finally has to overcome bureaucratization of the Yugoslav society. Bureaucratization of the social awareness and social relations is the main cause of all the mistakes and difficulties of socialism in our country and the world. It, bureaucratization, was and is the basis on which the very meaning of socialism was diminished and the basis of repressive measures which discredited and are still discrediting socialism. Underneath all the conflicts and confusion which we are facing today, nevertheless, a rapid democratization of life has flowed in Yugoslavia during recent years and even during recent months and days; this encourages us and cannot be stopped. The national liberation struggle; partisans; Tito; glorious days and years when we were reaching for the sky and of the SKOJ [Federation of Communists Youth of Yugoslavia] ascetism, of Communists marching proudly and with clear conscience, of the people's belief that there is no turning back; the time of construction and reconstruction; and pioneering steps of the socialist self-management; all this is the past which both obligates us and illuminates the road. Memories have been passing from generation to generation and are crystalized in the collective memory and consciousness. All this is a glorious recent past which necessarely inspires us for the road ahead. Of course, it had a dark side: many sectarian, dogmatic, and bureaucratic deformations, from which we rightly distance ourselves today, both those who directly participated and witnessed that past and those who read and hear about it through the means of the collective memory. Comrades, we must not give up the implementation of the three reforms, in realizing many far-reaching changes in times immediately to come. We know all this, and precisely because of that let us start and march forward for the well-being of the socialist Yugoslavia. I greet you on behalf of that. Thank you. [applause]